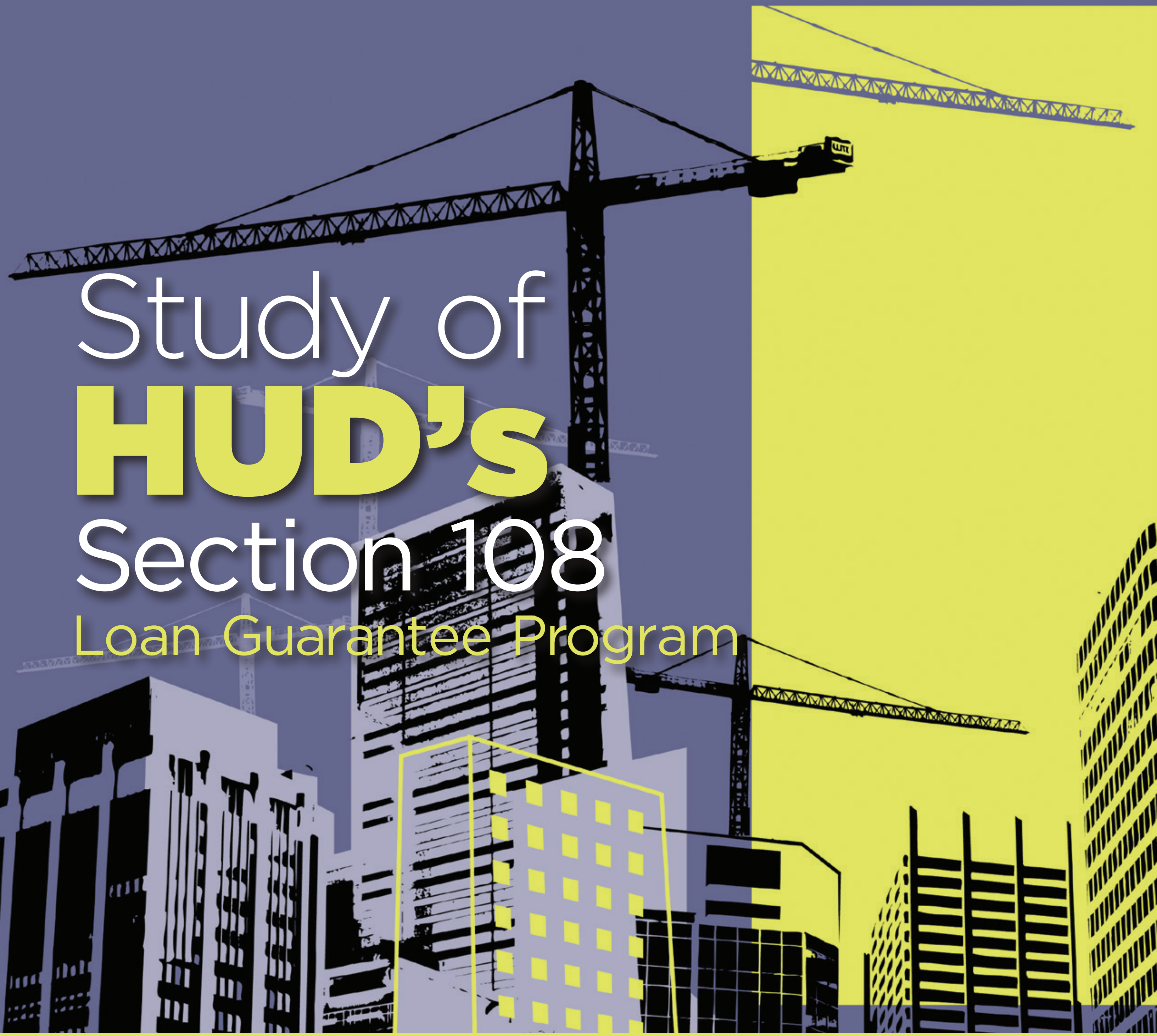

Study of HUD's Section 108

Loan Guarantee Program

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Study of HUD's Section 108 Loan Guarantee Program

Prepared for
U.S. Department of Housing and Urban Development
Office of Policy Development and Research
Washington, DC

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Disclaimer

Foreword

The Section 108 Program allows grantees of the Community Development Block Grant (CDBG) Program to borrow Federally-guaranteed funds for community development purposes. Section 108 borrowers obtain up to five times the amount of their annual CDBG grants by pledging to repay Section 108 loans with future CDBG grants in the event of a default. Section 108 thus enables grantees to undertake substantially larger community development projects than CDBG grants alone would support.

This study examined projects funded by the Section 108 Program during fiscal years 2002 through 2007 using administrative records, a survey of the local administrators of Section 108 loans, and site visits to Section 108 communities. The findings answer concerns once raised in a program review by the Office of Management and Budget. Unique aspects of Section 108 ensure that it fills a niche not duplicated by other federal economic development programs. Further, jurisdictions are found to have used the credit guarantee offered by Section 108 to good effect, and HUD has never had to use its full faith and credit authority as a backstop.

During the study period, Section 108 funds provided an important source of funding for economic development and to a lesser extent for public facilities and housing projects. Three quarters of survey respondents reported that projects would not have been carried out without Section 108 funds, as the funds leverage substantial resources from private and governmental sources.

Local jurisdictions have been facing major fiscal challenges during the sluggish macroeconomic conditions that followed the collapse of the housing bubble. To strengthen the Section 108 program for meeting these challenges, it will be important to consider recommendations in this report for improving administrative data collection. More detailed information is needed with respect to program execution and default as well as program accomplishments such as job creation and neighborhood impacts. Such data will establish a stronger base of evidence and enable even more positive program outcomes as Section 108 loan guarantees continue to fill a crucial role in developing America's communities for future generations.

Raphael W. Bostic, Ph.D.
Assistant Secretary for Policy
Development and Research

Table of Contents

Executive Summary vii

Chapter 1: Introduction 1

Chapter 2: Descriptions of Section 108 Projects 13

Chapter 3: Program Design Features 33

Chapter 4: Program Outcomes 47

Chapter 5: Performance Measures 77

Chapter 6: Findings, Conclusions, Implications, and Recommendations ... 91

Appendix A: Data Sources and Methodology 95

Appendix B: Proposed Section 108 Closeout Report 123

Appendix C: Puerto Rico 125

Appendix D: Pennsylvania Consortium Projects 133

Appendix E: HUD Section 108 Loan Guarantee Projects Funded from FY 2002 through 2007 137

Appendix F: Section 108 Overlap Program Descriptions 315

Appendix G: Section 108 Expected Uses of Funds 325

Appendix H: Section 108 Survey Respondents' Projects Categorized by Major Activities and National Objectives 341

Appendix I: Respondents' Opinions of What Was Accomplished with the Section 108 Funds and the Value of Using Section 108 353

List of Tables

Table 1. Research Questions, Data Sources, and Analysis....4

Table 2. Projects Surveyed and Projects Included in the Analysis by Type of Project....9

Table 3. Survey Responses by Fiscal Year and by Project Type....10

Table 4. Survey Responses by HUD Region....10

Table 5. Types of Projects Funded by Section 108....14

Table 6. FY 2002 through FY 2007 Section 108 Projects and Approved Funding Amounts by Year (dBase, Administrative Files)....15

Table 7. FY 2002 through FY 2007 Section 108 Projects and Approved Funding Amounts by Year, whether the Project Is in Puerto Rico, and whether Section 108 Funds Were Used (dBase, Administrative Files, Web Survey)....16

Table 8. FY 2002 through FY 2007 Section 108 Projects and Approved Funding Amounts by Region (dBase, Administrative Files)....17

Table 9. FY 2002 through FY 2007 Section 108 Projects and Approved Funding Amounts by Region, whether the Project Is in Puerto Rico, and whether Section 108 Funds Were Used (dBase, Administrative Files, Web Survey)....17

Table 10. Top Five States, FY 2002 through FY 2007 Section 108 Projects and Approved Funding Amounts (dBase, Administrative Files, Web Survey)....18

Table 11. Top Five Jurisdictions, FY 2002 through FY 2007 Section 108 Projects and Approved Funding Amounts (dBase, Administrative Files, Web Survey)....18

Table 12. Distribution of Projects by Type and FY (Administrative Files, HUD Web Site Project Summaries)....19

Table 13. Distribution of Projects by Type and FY, whether the Project Is in Puerto Rico, and whether Section 108 Funds Were Used (dBase, Administrative Files, HUD Web Site Project Summaries, Web Survey)....19

Table 14. Sources of Additional Funds Based on Section 108 Project Application Materials (Administrative Files) 20
Table 15. Comparison of Section 108 Funds to Other Project Funds by Type of Project, Based on Section 108 Project Application Materials (Administrative Files) 21
Table 16. Projected Uses of All Project Funds Based on Section 108 Project Application Materials (Administrative Files) 22
Table 17. Use of Section 108 in the 25 Largest Cities in the United States 24
Table 18. Use of Section 108 in the 25 Poorest Cities in the United States 25
Table 19. Section 108 Level #1 and #2 Transactions 43
Table 20. Uses of Funds 54
Table 21. Types of Activities by National Objective 54
Table 22. Summary of Section 108 Activities and Accomplishments by National Objective Noted by Survey Respondents 56
Table 23. Sample of Comments from Grantees Reluctant to Seek another Section 108 Loan 59
Table 24. Specific Accomplishments as a Result of Section 108 Funds 60
Table 25. Status of Section 108 Projects Qualifying under LMI Job Creation and Retention 63
Table 26. Status of Section 108 Projects Qualifying under LMI Area Benefit 65
Table 27. Status of Section 108 Projects Qualifying under Slum and Blight (Area) 66
Table 28. Status of Section 108 Projects Qualifying under Slum and Blight (Spot) 67
Table 29. Section 108 Funding for Projects Qualifying under Limited Clientele Benefits 68
Table 30. Section 108 Funding for Projects Qualifying under LMI Housing 69
Table 31. Outcomes Resulting from Section 108 Loans 70
Table 32. Summary of Outcomes 72
Table 33. Status of Activities, Spending, and Funding 76
Table 34. Framework for Section 108 Performance Data Collection 79

List of Figures

Figure 1. Comparison of Nonrespondents to Respondents on Number of Projects and Section 108 Funds Committed by Project Type....11

Figure 2. Comparison of Total Loss on a $100,000 Loan 46

Figure 3. Distribution of Section 108 Funding....74

Figure 4. Summary of Project Funding by Year of Award....75

Figure 5. Amount of Funds Leveraged....75

Figure 6. Performance Measurement Components....78

Executive Summary

This report examines how the Section 108 Loan Guarantee program has been used as a source of financing for local economic development, housing rehabilitation, public facilities, and large-scale physical development projects, and what resulted from these investments, which are designed to benefit low- to moderate-income (LMI) persons. The program is designed to encourage private economic activity, providing the initial resources or simply the confidence that private firms and individuals may need to invest in distressed areas. This report also examines whether Section 108 funds were uniquely suited to the funded activities or whether other programs could do the job.

Enacted by Congress in 1974, the U.S. Department of Housing and Urban Development's (HUD) Section 108 Loan Guarantee program is the loan guarantee provision of the Community Development Block Grant (CDBG) program.[1] The Section 108 program is a financing tool that allows communities and states to expand the size of their CDBG programs. It allows communities to transform a small portion of their CDBG funds into federally guaranteed loans large enough to pursue physical and economic revitalization projects that can renew entire neighborhoods. HUD's Financial Management Division within the office of Community Planning and Development administers the program.

[1] The program was authorized by the Housing and Community Development Act of 1974 (42 U.S. Code Section 5308). Regulatory and Statutory Citations: 24 CFR 570, Subpart M–Loan Guarantees.

HUD finances Section 108 obligations through underwritten public offerings, and an interim lending facility, established by HUD, provides financing between public offerings. Through the Section 108 loan mechanism, HUD guarantees a loan between the private sector lender and a state or local government borrower. The guarantee is backed by the full faith and credit of the United States. The public offering, coordinated by the Financial Management Division, specifies the terms of Section 108 loan repayment, which may include a maximum repayment period of 20 years. HUD can structure the principal amortization to match the needs of the project and borrower. During the course of this study, the research team visited and interviewed communities about the Section 108 program and asked follow-up questions on Section 108 loan repayment.[2]

An entitlement grantee (a local government that receives CDBG funds directly from HUD on a formula basis) can borrow up to five times its annual approved CDBG entitlement amount.[3] Non-entitlement entities may participate if governing states are willing to pledge future CDBG funds or apply for loan guarantee assistance on their behalf. Appropriations acts since 2009 have also authorized HUD to guarantee loans made directly to states, provided the local funds are distributed to non-entitlement units of general local government. The local government may relend the funds, which must be repaid, to third parties to undertake eligible CDBG activities (typically economic development) or use the funds to implement eligible CDBG activities directly. CDBG allocations are pledged as security for the loan to the local government, enabling HUD to guarantee the loan. The grantee can repay the loan with CDBG funds, program income, and/or other revenues.

Because Section 108-funded projects involve CDBG—even if not intended as the primary repayment source—each activity must meet one of CDBG's three National Objectives:

- Principally benefit LMI people.
- Assist in the elimination or prevention of slum and blight conditions.

[2] Although Section 108 reporting is not available in HUD's Integrated Disbursement and Information System (IDIS), it has the capability of recording planned and unplanned repayment amounts on the Section 108 principal.

[3] See http://www.hud.gov/offices/cpd/communitydevelopment/programs/108/index.cfm (accessed on July 10, 2011).

- Meet other community development needs that have a particular urgency and are of very recent origin.

This report examines the Section 108 loans authorized from fiscal year (FY) 2002 through FY 2007, reporting on the characteristics of the projects funded, how Section 108 funds are used, and whether the Section 108 funds that have been used were uniquely suited to the funded activities or whether other federal program funds could have done the job. The report also explores the suitability of the loan guarantee, a unique feature of the Section 108 loan program. In addition, although developing performance measures for economic development programs such as Section 108 is difficult, this study makes preliminary suggestions for measuring program performance.

For the analysis of outcomes, the study team surveyed grantees responsible for 296 unique projects funded from FY 2002 through FY 2007.[4] The team did not survey the projects in Puerto Rico, the Pennsylvania Consortium projects, two projects under federal investigation, and projects that were identified as not using Section 108 funds prior to the survey launch. Of the 296 projects surveyed, grantees responsible for 170 projects (57 percent) responded in some manner. However, the team used only 118 survey responses (40 percent) because those respondents indicated that they used the Section 108 funds and provided complete responses.[5] The team also conducted site visits to 10 Section 108 projects and five HUD field offices.

Findings

HUD committed a total of approximately $1.4 billion in Section 108 funds to 296 projects from FY 2002 through FY 2007. The average Section 108 loan amount was $4.9 million. Loan amounts ranged from $159,000 to rehabilitate a community center in California to more than $59 million for a "Comprehensive Infrastructure Improvement Strategy" in St Antonio, TX that included street and drainage repairs, park development, and improvements to health, recreation, literacy, and social service facilities. The most common use of Section 108 loans was for economic development projects. Public facilities and, to a lesser degree, housing developments, constituted a larger total number of individual projects, but used only a quarter of the total funding.

Grantees said they used a variety of repayment methods, including CDBG, payments from third-party borrowers, and revenue generated by the project. They generally use CDBG when projects default, when no other source of project income is available, or when there is a delay in payment.

From the 118 grantee survey responses, the study team learned the following:

- Section 108 is an important source of funds. Up to three-quarters of the respondents said that projects would not have happened had the Section 108 financing been unavailable.

- Most grantees (106/118) provided information on the total funds accorded to their projects. From that information, the team was able to determine that those who leveraged other funding sources (private, federal, state, and local) with Section 108 funds, on average, secured $4.62 of additional funds for every $1.00 of Section 108 funding.

- Nearly all grantees that had time to reach results had positive results to report. Approximately 75 percent of Section 108 projects produced some positive results. Some projects recorded multiple accomplishments. The most frequently cited accomplishments involved revitalization, job creation, and leveraging additional funds for further development. Grantees overseeing the other 25 percent of the projects either did not answer the question or indicated they did not have results to report because the project was in the development process. Some grantees said that although their projects achieved positive outcomes, they may have fallen short of their goals. Projects that fell short of their goals reportedly encountered unanticipated problems, had insufficient time to achieve accomplishments, were hampered by poor economic conditions, faced shifting community needs, and became tangled in local laws and regulations.

[4] There were 328 loans approved in this time period; one loan number was replaced by another for a total of 329 loan numbers. The study team did not have access to 21 of the administrative files at HUD Headquarters at the time of the review. The study team reviewed information from the 307 administrative files to develop an overall description of the Section 108 projects.

[5] Within the group, data for some variables are missing. There are more than 260 variables in the analysis. For the questions that should be answered (i.e., not part of a skip pattern), the rate of missing values, on average, is less than five percent. The missing values are randomly distributed across observations.

- Grantees representing approximately 72 percent of the respondent projects noted they would consider applying for another Section 108 loan. The average size of the loan for those that would consider applying for another Section 108 loan was approximately $6 million. This group of grantees included multiple reasons for their willingness to apply. Grantees said the loans provided a cost-effective source of funds (88), other funds were not available (71), and the loans allowed grantees to borrow large amount of funds (70).

- Grantees representing 16 percent of the projects said their jurisdictions would not consider applying for another Section 108 loan. The average loan amount for these grantees was approximately $3.3 million. Most said they did not want to include CDBG funds in the repayment plan (16) and/or risk losing CDBG funds if they could not meet their repayment plan (10). Six grantees noted that the application process is too cumbersome.

From the 10 site visits to grantees in the Boston, Philadelphia, Seattle, Los Angeles, and Oklahoma areas, the study team learned the following:

- All of the grantees had positive remarks regarding the Section 108 program, including the following:

  ◊ The Section 108 program works well in their communities.

  ◊ Section 108 tends to lead to additional job creation and retention, increases income for residents, forms a broader tax base, and enhances social and cultural amenities.

  ◊ Grantees consider the Section 108 program unique in that it allows local governments to take greater risks, and this is sometimes necessary for successful economic development.

  ◊ Grantees in the Philadelphia area explained that the Section 108 program is particularly valuable early in a project because HUD is willing—with backing from CDBG—to make a commitment on a project. The Section 108 program allows local governments to go to other state and federal sources to obtain other funds needed to complete the larger project. Grantees prefer Section 108 for larger projects because the limit on funds available is much higher than CDBG and other federal programs. Section 108 funds are also relatively easy to access and can be used for a wide range of activities.

- The reasons the grantees gave for why the Section 108 funds were important varied, but they revolved around a limited number of themes: very large projects could not be completed using Section 108 only, and without Section 108 funds grantees would not have been able to leverage additional funding to complete the project; funds were cost effective/low cost to borrow; no other funds were available; the program allowed great flexibility; and grantees could borrow a large amount of funds. The following examples clearly illustrate the thinking:

  ◊ A grantee responsible for a $168.1 million project to redevelop a hotel (located in a downtown area of a depressed inner city) into a mixed-use site consisting of a hotel/retail component, a residential component, and a parking garage said the project could have not been accomplished without the Section 108 funds. The Section 108 funds, totaling $18 million, financed the construction portion of the garage. The grantee said that without the Section 108 funds, "the project would have been delayed or not happened at all."

  ◊ A grantee responsible for a $67 million project ($7.5 million in Section 108 funds) to finance revitalization of a business center and a housing activity noted that without the Section 108 funds, the project "could not entice private development to be an active player, and that had been proven in the many years that the community residents worked through a small area plan with no outside interest shown."

  ◊ A grantee responsible for a $50 million project to develop affordable housing restricted to families at extremely low and very low incomes said the project would not have been completed in a timely manner, would have been smaller, or not happened at all without the Section 108 loan of $10.7 million to secure the land.

- ◊ A grantee responsible for a $31.8 million project to develop a conference center in an urban renewal area said that the Section 108 loan of $7.9 million filled a financing gap that could not be filled by another source at that time.

- Although field offices do not formally collect data on accomplishments of Section 108 projects, the field offices visited for this report were well informed as to the overall status of projects. The field offices that the team visited had good working relationships with their grantees, which are forthcoming with information related to the success or failure of projects.

- Generally, onsite monitoring of Section 108 projects does not occur on a routine basis. HUD field offices perform risk assessments of CDBG grantees and based on the assessment, determine which grantees to monitor. The risk assessment does not normally flag Section 108 projects for monitoring unless another grant (e.g., Brownfields Economic Development Initiative) is used on the same project.[6] Field offices estimate that fewer than 15 percent of Section 108 projects are subject to onsite monitoring each year.

- Field offices are stretched for resources, and the addition of new programs created in recent years, such as the CDBG-Recovery program, Homeless Prevention and Rapid Re-housing Program, and Neighborhood Stabilization Program, has made it more difficult to keep up with Section 108 responsibilities.

- Grantees faced barriers before, during, or after the approval process, including the following:

  - ◊ The field office staff in Puerto Rico said that projects located in the coastal area are the most difficult because of the number of permits and regulations required, as well as the time it takes to acquire permits.

  - ◊ Grantees in New England, southern California, and the Pacific Northwest noted the effects of the economic downturn on their investments or the willingness to invest. One grantee said that in some instances, projects that were conceived in an economic upturn took so long for HUD to approve that the economic downturn made loans unattractive to the borrowers. Another grantee termed the HUD approval process inefficient, as the six-month approval period caused a deal to go from profitable to marginal. Another grantee related it to the lack of confidence from the private sector to get viable projects. And yet another said that in a downturn, no enterprise is willing to take a chance and take a first step.

  - ◊ Grantees in Puerto Rico reportedly needed additional technical assistance beyond what the field office was able to provide. Some field office staff members verified that some grantees are not prepared to deal with local requirements such as obtaining permits during the development phase and Section 108 requirements on recordkeeping and reporting during the operational phase. Although the field office is available for consultation, it has limited time to devote to this task, given its workload.

In 2007, the U.S. Office of Management and Budget (OMB) conducted an assessment of the Section 108 program using their Program Assessment Rating Tool. OMB found that: (1) the Section 108 program is duplicative of other federal, state, or local programs; (2) the program has inherent weaknesses relative to better designed credit loan guarantee programs ("with this design, the federal government bears 100 percent of any losses"); and (3) the program does not have long-term outcome performance measures. The study team did not find compelling evidence to support or categorically refute the issues raised by OMB. However, the study team did find the following:

- Section 108 does not appear to duplicate (i.e., completely overlap) other community and economic development funding sources. While it is not completely unique, it does have some unique features, and in many instances, it is used in conjunction with and complements other programs to achieve desired community and economic development objectives.

- A grantee would have to fail to provide repayment funds from primary sources identified in the Section 108 application and secondary sources also pledged in the application (such as current and future CDBG funds, project generated income, tax increments, or developer cash flow)

[6] The risk assessment process for the CDBG program does assign points toward potentially monitoring if the grantee is carrying out a project financed under Section 108.

before HUD's guarantee would be considered. The HUD guarantee is not called unless the grantee fails to pay. HUD has *never* had to invoke its full faith and credit guarantee, nor has it utilized the credit subsidy it funds each year to reserve for future loss.

- At the time of the study, definitive project accomplishment/outcome data was not uniformly available from existing HUD data. HUD does collect and maintain all relevant financial information (such as contracts and promissory notes) for the loans guaranteed under Section 108 in separate files. Headquarters staff depends on field office staff members for information on Section 108, and HUD has issued guidance on reporting Section 108 activities. However, the team found that although field offices visited are in contact routinely with grantees, they do not always maintain all the documents called for in the guidance. Field office staff members contend that they are disadvantaged by the loss of Economic Development Specialist positions. The team believes that if provided the resources, HUD would be able to maintain current accomplishment/outcome reporting by incorporating this type of reporting for Section 108 into the Integrated Disbursement and Information System (IDIS).[7]

- Grantees report accomplishments to HUD in their Consolidated Annual Performance and Evaluation Report (CAPER), but besides the amount repaid on the Section 108 loan, information on Section 108 accomplishments is not consistently available. Although field office staff members are able to provide outcome data on a project-by-project basis, there is virtually no computerized outcome data available. However, the Section 108 Headquarters office does maintain a data base that contains expected job creation/retention information.

- Performance measurement and accomplishment reporting have the potential to validate the success of a program. HUD may want to consider instituting performance measures so that it can monitor the program to be able to demonstrate the program's public value, as well as to assess and improve program implementation, efficiency, and effectiveness.

[7] IDIS is to be modified in 2012 to incorporate reporting on Section 108-funded activities.

Conclusion and Recommendations

Performance Measurement

- Performance measurement and accomplishment reporting have the potential to validate the success of a program. HUD might consider the following:

- Instituting performance measures so that the Department could demonstrate the Section 108 program's public value, as well as to assess and improve program implementation, efficiency, and effectiveness.

- Providing guidance to future Section 108 applicants regarding a requirement that they identify outcome measures for proposed projects, as well as how capturing such data would be integrated into HUD oversight procedures.

- Developing across-the-board performance measures for community development programs, covering the range of eligible Section 108 and CDBG activities, including job creation and other economic development, housing, and public facilities.

- Testing initial performance measures identified in this study using existing data at the Headquarters and field office levels.

- Conducting a full impact evaluation of the program to understand what the outcomes would have been or what would happen without the program.

Reporting

Because HUD relies on the field offices for grantee accomplishment reports, it is difficult for HUD to be able to assess performance. If HUD considered incorporating Section 108 loans into a reporting system such as IDIS, program outcome measurement could be more transparent and complete. HUD might consider the following:

- Requesting sufficient resources to provide additional, periodic, hands-on technical support to field offices and grantees for measuring and reporting project status and accomplishments in the form of more field office resources to provide monitoring and oversight of reporting.

- Enforcing across-the-board data-reporting requirements to track outcomes or accomplishments and inform community development policy within HUD. A more structured approach and definition of outcome measurement could serve many purposes. Having a system of performance measurement would help to determine whether a grantee is reacting appropriately to a changing market or community. This calls for integrating Section 108 reporting into a reporting system, such as IDIS or another reporting system specifically suited to Section 108.

- Requiring a short (one- or two-page) "close-out" report when a project is completed.

Chapter 1: Introduction

Section 108 Program Overview

The U.S. Department of Housing and Urban Development's (HUD) Section 108 program was enacted as part of the Housing and Community Development Act of 1974 as the loan guarantee provision of the Community Development Block Grant (CDBG) program.[1] The Section 108 program offers local governments a flexible source of financing for economic development, housing rehabilitation, public facilities, and large-scale physical development projects. HUD regards this program as one of the most potent and important public investment tools offered to local governments. It allows them to transform a small portion of their CDBG funds into federally guaranteed loans large enough to pursue physical and economic revitalization projects that can renew entire neighborhoods. HUD views Section 108 loans as a source of public investment that is often needed to inspire private economic activity, providing the initial resources or simply the confidence that privte firms and individuals may need to invest in distressed areas.[2] HUD's Financial Management Division within the office of Community Planning and Development (CPD) administers the program.

Through the Section 108 loan mechanism, HUD guarantees a loan between the private sector and a state or local government. The guarantee is backed by the full faith and credit of the United States. An entitlement grantee (i.e., a local government that receives CDBG funds directly from HUD on a formula basis) can borrow up to five times its annual approved CDBG entitlement amount.[3] Non-entitlement entities may participate if governing states are willing to pledge future CDBG funds or to apply for loan guarantee assistance on their behalf. The local government may relend the funds to third parties to undertake eligible CDBG activities (typically economic development) or use the funds to implement eligible CDBG activities directly. The local government's CDBG allocations are pledged as security, enabling HUD to guarantee the loan. Because Section 108-funded projects involve CDBG—even if not intended as the repayment source—each activity must meet one of CDBG's three National Objectives:

- Principally benefit low- and moderate-income (LMI) people.
- Assist in the elimination or prevention of slum and blight conditions.
- Meet other community development needs that have a particular urgency and are of very recent origin.

Grantees may use funds for a number of eligible activities, including the following:

- Acquisition of real property.
- Rehabilitation of property owned by the entitlement grantee or its designated public agency.
- Housing rehabilitation eligible under the CDBG program.
- Special economic development activities under the CDBG program.
- Interest payments on the guaranteed loan and issuance costs of the public offering.
- Acquisition, construction, reconstruction, rehabilitation, or installation of public facilities.
- Assistance for public facilities in colonias.
- Debt service reserves for repayment of the Section 108 loan.
- Other related activities, including demolition and clearance, relocation, payment of interest, and insurance costs.

[1] See http://www.hud.gov/offices/cpd/communitydevelopment/programs/108/index.cfm (accessed on July 10, 2011).
[2] Ibid.
[3] Ibid.

When determining eligibility, CDBG rules and requirements apply.[4] The following are examples of funded Section 108 projects (loan amounts in parentheses):

- A $38.1 million conference center in an urban renewal area ($7.9 million).
- A $50 million affordable-housing development on 2.7 acres ($10.7 million).
- A $168.1 million project to redevelop a hotel into a mixed-use site consisting of a hotel/retail component, a residential component, and a parking garage ($18 million).

To securitize new loans, Section 108 provides an interim financing facility for originating the loans. The Section 108 program provides both the actual financing for the securities and a credit enhancement (i.e., the federal guarantee backed by the pledge of CDBG grants). Payments on the loans are passed through to the Section 108 note holders. Using Section 108 could generate higher net proceeds from the securitization than could be realized from an unsubsidized sale of whole loans or from conventional securitization because the use of Section 108 involves a lower discount rate (the interest rate of Section 108 obligations is only slightly higher than rates on comparable Treasury obligations). A lower discount rate generates a higher present value (or sales proceeds amount). Furthermore, the issuance costs for Section 108 obligations could be lower than the costs (e.g., accounting, legal, or credit enhancement) associated with conventional securitization. While Section 108 is taxable borrowing, the interest rate on the loans typically does not exceed the usual Treasury borrowing rates by more than 15 to 20 basis points. Though most guaranteed loans are repaid using an income stream from the activity assisted by the loan proceeds, borrowers can use CDBG grant funds (and program income) to repay the loans.

Section 108 loans are not risk-free. As mentioned previously, local governments borrowing funds guaranteed by Section 108 must pledge their current and future CDBG allocations as security for the loan. In addition, HUD offers Economic Development Initiative (EDI) and Brownfields Economic Development Initiative (BEDI) grants, awarded competitively, that can add funds, create loss reserves, or provide other kinds of credit enhancement to grantees to mitigate risk.[5] There are known advantages to grantees that are willing to accept the risk of borrowing under Section 108 to advance their community development objectives, including the following: [6]

- Immediate access to funds without giving up CDBG entitlement.
- The fact that Section 108 obligations generally do not affect a community's debt limit.
- The ability to fund project activities as they occur.
- The ability to spread costs over time (as grantees can extend the loan term to 20 years).[7]
- Avoiding state prohibitions related to lending tax-generated public funds to private concerns.
- Access to financing at a lower rate than otherwise available in the market.
- Access to funds at a fixed interest rate.

Since 1995, grantees must also provide evidence to HUD that they have pledged sufficient security to ensure payment in the event that CDBG funds are materially reduced or eliminated.

Purpose and Scope of this Study

Congress enacted the Government Performance and Results Act (GPRA) in 1993 to increase the effectiveness and accountability of federal programs.[8] The Program Assessment Rating Tool (PART) was the standard questionnaire applied

[4] See http://portal.hud.gov/hudportal/HUD?src=/hudprograms/section108 (accessed August 17, 2011).

[5] HUD does receive appropriations for EDI and BEDI in every year. The Department issued a Notice of Funding Availability (NOFA) for the BEDI program throughout the study period years from FY 2002 through FY 2007, making BEDI funding available for grantees applying for Section 108 loans from FY 2002 through FY 2007.

[6] CPD training "Basically CDBG": Chapter 8: Economic Development and Section 108.

[7] HUD can structure the principal amortization to match the needs of the project and borrower. Each annual principal amount will have a separate interest rate associated with it. Permanent financing interest rates are pegged to yields on U.S. Treasury obligations of similar maturity plus additional costs that are determined on a case-by-case basis. Interim period interest rates are priced by the 3-month London Interbank Offered Rate (LIBOR), as published in the Wall Street Journal.

[8] The requirements have changed with the passage of the GPRA Modernization Act of 2010 (GPRAMA), requiring government agencies to use performance measure information to achieve "priority goals" of the federal government agency.

by the U.S. Office of Management and Budget (OMB) to assess the efficiency and effectiveness of government programs based on performance and management criteria. In 2007, OMB's PART evaluation of the Section 108 program raised concerns about whether the program is redundant or duplicative of other government programs and whether the program's accomplishments and outcomes can be more effectively measured and tracked.[9] The PART evaluation noted the following findings:

- The Section 108 program lacks long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program.
- The Section 108 program has not demonstrated adequate progress in achieving its long-term performance goals.
- The Section 108 program provides insufficient evidence to draw a strong conclusion regarding how Section 108 compares to other similar programs.
- The Section 108 program has some inherent weaknesses relative to better-designed credit loan guarantee programs. HUD found that a 100-percent loan guarantee level was necessary to attract financing for these community projects that potentially would not be undertaken. However, with this design, the federal government bears 100 percent of any losses. In this case, the program pledges CDBG grant allocations, which are still federal dollars.[10] Also, private lenders do not share the risks of loss from default, meaning that the program encourages private lenders to exercise less caution than they otherwise would.

The study is designed to answer the following three core questions:

1. **Does the Section 108 program overlap with economic development programs operated by other federal agencies?**
   The issues to be examined here are the extent and nature of the overlap between Section 108 and other federal programs and whether such overlap is functional or not.

2. **What types of projects are being funded through Section 108 guaranteed loans?**
   Communities have used the program to support a wide range of projects, such as neighborhood commercial centers, small business incubators, industrial park rehabilitations, affordable housing activities, and office center construction. The issues to be examined here are the types of projects most commonly funded and Section 108's role in these projects.

3. **What are the results of the Section 108 projects?**
   What quantifiable and qualitative results have Section 108-backed investments produced—ranging from jobs created to local revenues generated, from sites cleaned and cleared to buildings constructed and infrastructure upgraded?

In addition, the study provides recommendations for performance measures to address OMB's past concern that the program lacks long-term performance measures that focus on outcomes.

Approach

The study involves the following tasks:

- Reviewing the literature to identify key issues raised by community development experts and policymakers.
- Conducting a file review of HUD's Section 108 projects to identify candidates for the study.
- Conduct a Web-based survey of approximately 300 grantees with Section 108 projects funded between FY 2002 and FY 2007 to gain insights into the program's operation and outcomes.
- Conducting site visits to 10 Section 108 projects and five HUD field offices to supplement the survey findings and provide more in-depth information on program overlap and monitoring performance.

To address the programmatic issues of overlap and the effectiveness of a guaranteed loan program, this study draws on previous research, a

[9] See http://georgewbush-whitehouse.archives.gov/omb/expectmore/detail/10009066.2007.html (accessed on July 10, 2011).

[10] A counterargument, though, is that pledging CDBG allocations results in no loss to the federal government because a grantee will spend its CDBG funds anyway. Whether it uses its allocation to repay a loan or fund other community development activities does not affect HUD's outlays. However, it is also true that there are opportunity costs (cost of an alternative that must be forgone in order to pursue a certain action) in drawing down CDBG funds unwisely.

survey, and site visit interviews. To address program accomplishments and outcomes, this study defines a framework for reliably capturing and reporting data on how grantees use Section 108 funds and their suitability for meeting community needs, both now and retrospectively. The conceptual approach for the evaluation is as follows:

- Develop a database from existing HUD files and information from Section 108 program managers to describe Section 108 loans approved from FY 2002 through FY 2007.
- Gather information from CPD field offices, grantees, and other appropriate local officials about how the program has worked, what challenges it entails, what alternative programs might have been considered, if Section 108 filled any unique project financing gaps, and what benefits it has generated.
- Analyze key alternative economic development programs that also can be used to meet the same economic development objectives as Section 108.
- Develop performance measures that could be used to more accurately and systematically determine Section 108 benefits and results.

This study identifies a variety of outputs—uses of the program funds—and then presents outcomes in light of program objectives. Table 1 provides an overview of the key research questions, data sources, and analytical approach.

Table 1. Research Questions, Data Sources, and Analysis

Research Questions	Data Sources	Analysis
Does the Section 108 program overlap with economic development programs operated by other federal agencies?	• Literature search, Web searches, U.S. Government Accountability Office (GAO) study • Administrative data files and program descriptions • Web survey • Site visits	Study whether selected programs fill the same economic development objectives as Section 108. Examine which economic development programs grantees might have used instead of Section 108 and elicit opinion on the advantages or disadvantages of the programs.
What types of projects are being funded through Section 108 guaranteed loans?	• Administrative data files and program descriptions • Web survey • Site visits • U.S. Census and American Community Survey (ACS) data	Examine administrative data files and existing/available HUD files, as well as interview Headquarters and field office Section 108 staff members to develop a database to profile project characteristics and analyze project outcomes and program performance. Identify all the additional sources of funds, other than the Section 108, that grantees secured in order to carry out the projects. Explore whether the 100-percent loan guarantee level is appropriate.

Continued on next page

Table 1. Research Questions, Data Sources, and Analysis (Cont.)

Research Questions	Data Sources	Analysis
What are the results of the Section 108 projects?	• Administrative data files and program descriptions • Web survey • Site visits • U.S. Census and ACS data • CPD Outcome Performance Measurement System (for community development grant programs) • Integrated Disbursement and Information System (IDIS) as a model for capturing Section 108 information in the future[11]	Conduct survey research to understand how outcomes are being measured, reported, and documented and to develop basic performance measures to more accurately and systematically determine Section 108 benefits and results. Conduct site visits to 10 Section 108 grantees (and a wide range of projects) to explore the redevelopment context, financing methods and partners used, immediate and long-term benefits realized, and local perspectives on whether program overlap exists.
		Address loan repayment strategies that may affect future opportunities or program activities that contribute to or expand economic development. Compare proposed outcomes from application files to actual outcomes. Examine the outcomes/ accomplishments realized with respect to program objectives (creating suitable living environments, decent housing, and economic opportunities), as measured by Web survey questions on outcomes.

Methodology

The study team used a four-part approach to conducting research on the Section 108 program consisting of analysis of HUD administrative data, a Web survey to grantees, discussions with HUD field office personnel, and site visits. A brief summary of the methodology and data sources follows, and the methodology is discussed in detail in Appendix A.[12]

[11] IDIS is a nationwide database that provides HUD with current information regarding program activities underway across the nation, including funding data. HUD uses the information in IDIS to report to Congress and to monitor grantees. IDIS is the draw-down and reporting system for the four Community Planning and Development formula grant programs: CDBG, HOME, Emergency Shelter Grants (ESG), and Housing Opportunities for Persons with AIDS (HOPWA). Chapter 5 includes an explanation of how IDIS can be used to inform program administrators about program accomplishments and costs.

[12] Due to their size, appendixes are provided at the end of this report.

HUD Headquarters Administrative Data

The basis of the sample of Section 108 projects analyzed was from a dBase file, maintained by the program office, which tracks each Section 108 project. The team combined information from the dBase file with other HUD administrative data, including information extracted from project administrative files in HUD Headquarters and project summaries maintained by HUD on its Web site. A discussion of each source of HUD administrative data follows:

- dBase File (November 10, 2009).[13] HUD program staff maintains a dBase file tracking financial information on all Section 108 projects. The dBase file includes project numbers, recipient jurisdiction names and states, loan amount and other financial information, application year, approval year, and HUD field office. The study team used these data to determine which projects to examine for this report. All 329 projects are included in the dBase file.

- HUD Web Site Project Descriptions (September and October 2009). The Financial Management Division prepares summaries of approved Section 108 applications for internal use and public relations. These summaries can be found on the HUD Web site.[14] The study team copied the summary text and additional information (e.g., project category, Section 108 amount, total project cost, grantee, state, and year) into an Excel spreadsheet. The team could not find a project description for five of the 329 projects on the HUD Web site.

- Administrative File Review (November and December 2009). The study team used an electronic data collection tool to capture key information from HUD Headquarters administrative files for the Section 108 projects. Key information collected from these files includes project sources and uses of funds, National Objective, public benefit standard and eligible activities. The team did not have access to 21of the 329 projects' administrative files at HUD Headquarters at the time of the review; another 12 files were incomplete and of limited use. Because of this, the study team included 296 Section 108 projects in the universe. All 296 received surveys; 118 responded.[15]

Web Survey

The study team conducted a Web survey of grantees representing 296 projects to confirm information in HUD's administrative files, gather information on project implementation (including outcomes and outputs), inquire about funding sources, and learn about the grantees' experience with and opinion of the Section 108 program. Grantee respondents provided data on 118 projects, and grantees representing another 22 projects replied that those projects have not used their approved Section 108 funds.

The Web survey was the primary source of information used in this study for information on the actual activities, accomplishments, and outcomes of Section 108 projects. The survey was also used to collect original information needed for the analysis of program overlap. The survey received OMB approval on September 16, 2010 (OMB Approval Number 2528-0261). The team launched the survey on November 3, 2010, and closed the survey on April 22, 2011.

The survey was 58 questions long (not including sub-questions), although the use of skip logic means that most respondents were asked about half as many. The survey questions related to the Section 108 experience. Neither the questions nor the results were weighted, and all items were treated equally. The survey questions were straightforward designed to be answered by local staff—including representatives from cities, sub-recipients, and other local entities involved in implementation of a Section 108 project—without difficulty. The survey did not require respondents to provide an answer to each question before being allowed to answer subsequent questions. This allowed the respondent to answer questions for which he or she had information on hand prior to answering those that required the respondent to seek additional information from other sources. Grantees were given confidentiality in their survey responses.

[13] As noted in Appendix A, the dBase file has since been converted to an Excel file, which is used by the program staff and is available on the Section 108 Web site.

[14] Seehttp://www.hud.gov/offices/cpd/communitydevelopment/programs/108/index.cfm (accessed May 17, 2011).

[15] One grantee removed all identifiers from the response. The missing information was from Section A of the survey. In some instances, that project was excluded from the analysis.

HUD Field Office Data

To verify and, in some cases, fill data gaps in HUD Headquarters administrative data, the study team attempted to collect data on Section 108 loans and projects from field offices. HUD Headquarters advises field offices to keep administrative folders for the Section 108 projects within their jurisdiction. Based on files reviewed during the site visits, the field office folders contain Section 108 application materials, including detailed information on the secondary collateral pledged by the grantee, and other information on the progress of the project as provided by the grantee or gathered during monitoring or review of the project. The team found that the information was not organized in a standard format across the five field offices visited by the study team, nor did the files contain forms or summary documents standardized across the five field offices. Like the Financial Management Division, the field offices rely on their ability to telephone grantees as needed for information. The field offices also rely on Consolidated Annual Performance and Evaluation Reports (CAPERs)—which contain summaries of HUD-funded projects and actions, prepared by grantees—even though the information reported lacks detail.

Site Visits

The site visits were an essential step in the four-part approach that the team devised for this research because some data are difficult to capture in a written description and can be obtained only by direct observation. In December 2009 and March and April 2011, the study team conducted site visits to 10 Section 108 projects—representing five field office jurisdictions—in Pennsylvania (Berks County and the City of Chester), Oklahoma (the City of Oklahoma City), Washington (King County and the City of Seattle), California (the Cities of Oceanside and San Diego), and Massachusetts (the Cities of Boston and Lowell). Each site visit took place over a three-day period.

The 10 sites were purposively selected from the pool of survey respondents. The study team made every effort to diversify by geography, activity type, project characteristics, and location (metropolitan versus rural). The site visits helped the team to fully understand the nature and effectiveness of the Section 108 program at a small number of representative sites. The visits provided qualitative data that allowed the team to probe for more in-depth information than can be obtained through a survey. These follow-up discussions with more than 40 city managers, urban planners, mortgage bankers, and other community development specialists at the 10 projects allowed the study team to obtain their perspectives, probe the survey results, and get feedback on how HUD could help enhance community development efforts. The site visits also allowed the team to speak with local officials to learn more about potential program overlap with other relevant programs. The team used the site visits to supplement and enhance the survey results during the analysis phase. Analysis of site visit data contributed depth to this final report and led to better recommendations for program operations and future research in this area. Insight and examples gained from the site visits are presented throughout this report. The team offered confidentiality to grantees during the site visits.

Limitations of Data Sources

Some data sources were more useful than others for answering the questions. For example, to answer the first question ("Does the Section 108 program overlap with economic development programs operated by other federal agencies?") data was not readily available. The administrative data files provided limited information on the other federal programs used by grantees and no information on whether grantees would substitute another federal program for the Section 108 program. To counteract this void, the team decided to get the information from publicly available sources and the survey. The survey responses were not as useful as the team had hoped. In the end, concerns about overburdening the Web survey respondents resulted in limiting the number of questions and the number of possible federal programs that could be covered.

The planned data sources for answering the second and third questions ("What types of projects are being funded through Section 108-guaranteed loans?" and "What are the results of the Section 108 projects?") were in part useful in answering these questions. The administrative files provided information on almost all projects funded from FY 2002 through FY 2007. The survey provided complete information on 118 projects (out of 296 that received surveys). This effort suffered from the lack of correct grantee contact information available, the turnover of staff members at the grantee level that were knowledgeable about the projects, and other miscellaneous barriers, such as archived files and projects missing from the grantee files. The lack of current contact information meant that the study team had to call 135 of the 296 grantees in advance of the survey being sent in order to get the correct contact information. Very few surveys "bounced back" as nondeliverable after the 135 grantees were contacted. The team completed all of the site visits and conducted the full complement of interviews.

Projects in the Study

The study population consists of a cohort of Section 108 projects funded from FY 2002 through FY 2007.[16] In total, the team sent survey invitations to grantees overseeing 296 projects.[17] However, as discussed in the following subsection, the team excluded both Puerto Rico and the Pennsylvania Consortium projects from the survey.

Excluded

During the planning of the study, the team discussed (with the Government Technical Representative (GTR) and the Section 108 program Director) reasons for excluding the Puerto Rico and Pennsylvania Consortium projects from the survey. The team realized that although grantees in Puerto Rico used a significant amount of Section 108 funding, the island presented some significant data collection and analytical challenges. The program experience in Puerto Rico could differ greatly from other Section 108 programs, which would affect analysis and reporting. Most Section 108 loans fund multiple subprojects in Puerto Rico (with multiple locations), requiring multiple survey responses for each subproject. In addition, the survey questionnaire would have to be translated into Spanish to improve the response rate and prevent erroneous responses, and bilingual staff members would have to follow up by telephone with respondents whose submissions contained missing or incomplete answers.

With HUD's approval, the team decided to gather data and conduct in-depth discussions on project performance with the San Juan field office instead. The team used these data, along with data from the administrative file review, to conduct a parallel analysis of Puerto Rico's Section 108 activity for inclusion in the final report. (See Appendix C.)

The Pennsylvania Consortium consists of public entities (cities, counties, boroughs, towns, and townships). The Consortium's Section 108 projects are different from the typical Section 108 projects in that they are wide-ranging, larger projects, comprised of distinct subprojects under a Section 108-funded umbrella project. These projects can cover multiple localities, regions, and even states. For example, in a 2004 appropriation, HUD reserved $76 million in federal Section 108 funds and another $12 million under a 2005 appropriation for various community and economic development projects to be undertaken by members of the Consortium.

With HUD's approval, the team decided to conduct a separate analysis and provide a separate write-up for the Pennsylvania Consortium projects. This analysis describes the projects funded, the advantages of structuring the loan in the chosen fashion, what activities are funded, and what the projects contribute. (See Appendix D.) The team sent surveys to other Section 108 projects in Pennsylvania that were not part of the Consortium.

Included

HUD data classify projects under the categories of economic development, public facility, or housing. Over half of the projects were economic development projects, 31 percent were public facilities, and the remaining were housing projects. Table 2 shows the distribution of projects in the study and projects included in the analysis by project type. Appendix E contains a description of all these projects.

[16] This report refers to the cohort as the universe of projects which were eligible to participate in the survey.

[17] This study uses the term "project" to mean a development. It also uses the term "grantee" to mean an entity overseeing a project or projects. One grantee may oversee or be in charge of multiple projects. For example, in California one grantee was responsible for 10 projects. The number of grantees and projects are not equal. Eighty-three grantees represent 118 discrete projects.

Table 2. Projects Surveyed and Projects Included in the Analysis by Type of Project

Type of Project	Projects in the Universe		Projects Included in the Analysis of Outcomes	
	Number	Percent	Number	Percent
Economic Development	177	60%	67	57%
Public Facility	92	31%	40	34%
Housing	27	9%	11	9%
Total	296[18]	100%	118	100%

Projects Eligible to Participate in the Survey, Survey Respondents, and Survey Nonrespondents

The study team sent survey invitations to grantees overseeing the 296 projects that were funded from FY 2002 through FY 2007. Of the 296 projects, grantees provided a core of usable responses for 118 projects (39.9 percent) that used Section 108 funds, with an additional 22 projects (7.4 percent) responding that Section 108 funds had not been used. The three main reasons they did not use Section 108 funds were (1) the project was completed with other funds; (2) the project was completed before Section 108 was approved; and (3) the project was canceled.

Response rates for specific questions varied based in part on the applicability of the question to the grantee.[19] The respondents represented 83 grantees. According to HUD records, the total amount of Section 108 funds committed for the 118 projects was $624.5 million. The respondents account for approximately 46 percent of the total funds ($624.5 million/$1,367.7 million) committed to projects eligible for the survey. The average funding for the universe of Section 108 projects was $4.6 million. The average for projects responding to the survey was $5.2 million. The average funding amount is slightly higher for respondents.

Comparison of Web Survey Respondents to Nonrespondents

This section compares characteristics of Section 108 projects with complete Web survey responses to those with incomplete or missing responses. The characteristics are based on the information in a database collected (prior to the survey) from HUD data available at Headquarters and on the HUD Web site. Unique project numbers connect survey responses to the database. The comparison does not include Section 108 projects in Puerto Rico and projects that have not used Section 108 funds as of January 2011. There are 117 complete survey responses with a project number. One response is disassociated from a project number and is excluded from this comparison, but it is included in the survey results.[20] There are 156 partial or nonrespondents that are not in Puerto Rico and that are assumed to have used Section 108 funds.

[18] The team examined the patterns of nonresponse, which indicated that the individual items with nonresponses were not applicable. Almost all of the highest nonresponses rates occurred with questions prefaced by the word "if." For example, there was a 55-percent nonresponse rate to the question, "If project activities are being carried out as part of a geographically targeted revitalization effort, please describe the effort."

[19] The team examined the patterns of nonresponse, which indicated that the individual items with nonresponses were not applicable. Almost all of the highest nonresponses rates occurred with questions prefaced by the word "if." For example, there was a 55-percent nonresponse rate to the question, "If project activities are being carried out as part of a geographically targeted revitalization effort, please describe the effort."

[20] The respondent is included in the analysis of outcomes because the grantee answered the survey questions and presents opinions pertinent to and usable in the analysis.

Table 3. Survey Responses by Fiscal Year and by Project Type

	2002	2003	2004	2005	2006	2007	Economic Development	Housing	Public Facilities
Response*	24	24	24	17	15	13	67	11	39
Nonresponse	39	35	28	23	14	17	99	12	45

* N=117. Does not include one response submitted with removed identifiers, which should have indicated the year.

Overall, the survey responses had a larger average Section 108 amount ($5.3 million) than nonresponses ($4.4 million). The responses are representative of the types of Section 108 projects funded during the study period, with 40 percent of economic development projects and nearly 50 percent of housing and public facilities projects responding. The responses are also fairly representative of each FY in the study period, although the response rates are significantly lower for projects funded in FY 2002 and 2003. This likely is due to staff attrition at the grantee level. When contacted by telephone, a number of grantees from this period stated that the person most knowledgeable about the project had retired and/or the administrative records were unavailable.

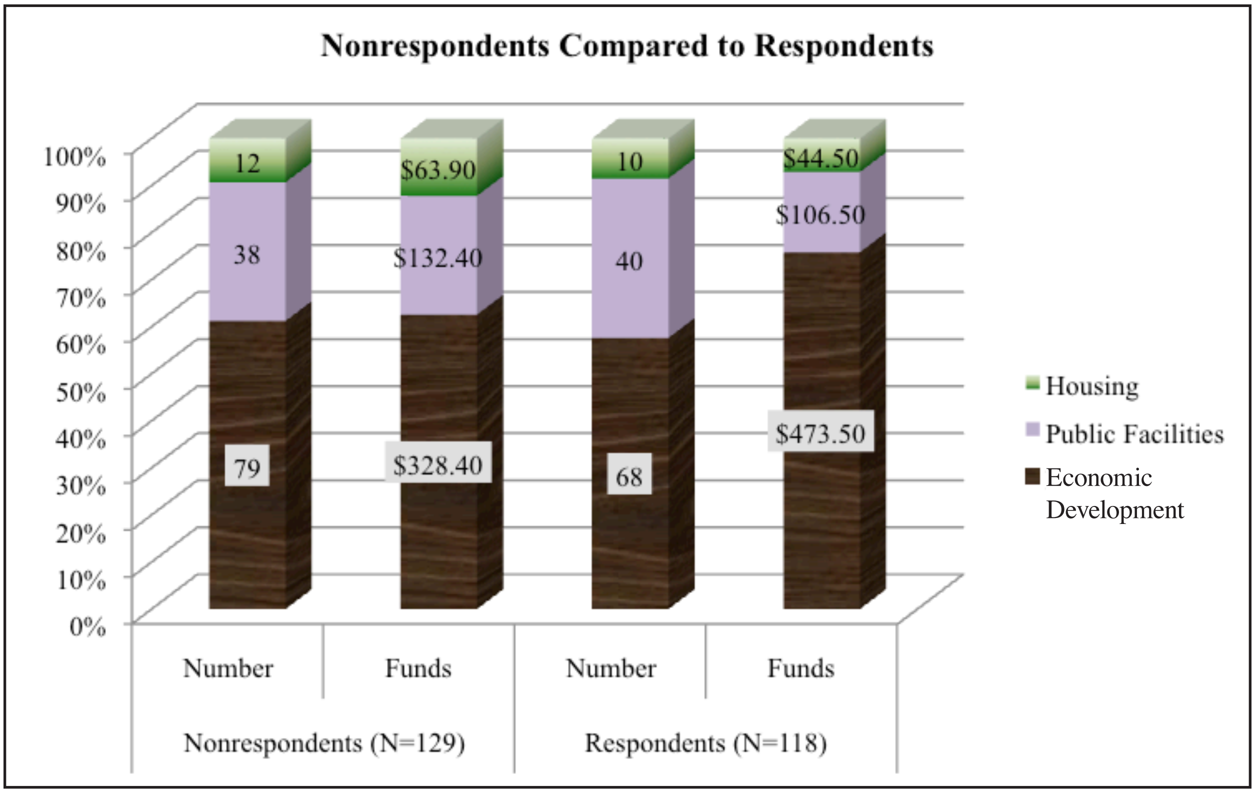
Table 4. Survey Responses by HUD Region

	1	2	3	4	5	6	7	8	9	10
Response*	8	12	18	8	17	7	2	4	35	6
Nonresponse	14	24	25	16	13	5	4	5	41	9

* N=117. Does not include one response submitted with removed identifiers, which should have denoted the HUD region.

Survey responses by geography appear to be representative above the grantee level. By HUD Region, the responses are fairly representative, with Regions 2, 4, and 7 having the lowest response rates (33 percent for each). The states with a large number of Section 108 projects (California, New York, Massachusetts, Michigan, and Pennsylvania) are all represented in the survey responses. The grantee-level responses are divergent, as most grantees responded to the survey for either all or none of their Section 108 projects. The most notable absence from the survey responses is the city of Los Angeles. The divergence in grantee responses should not affect the analysis of the Web survey responses at the national level.

Figure 1. Comparison of Nonrespondents to Respondents on Number of Projects and Section 108 Funds Committed by Project Type



Note: The total number of projects that were surveyed was 296. Figure 1 does not include the 49 respondents who, although they returned surveys, were excluded from the analysis because they said they did not use Section 108 funds or did not provide complete responses.

With the exception of the slight differences in proportion of Section 108 fund awards for respondents in two categories—public facilities and economic development—the group of nonrespondents is similar to the group of respondents.

The study team is confident that the slight differences between respondents and nonrespondents do not affect the representativeness of the respondents or significantly affect conclusions drawn in this report.[21] The lower response rate for older projects does not appear to bias the responses toward incomplete projects, and the slight variations in regional distribution have no effect. While the absence of responses from some large jurisdictions—particularly Los Angeles[22]—is unfortunate, the analysis of survey responses presented in the following chapters occurs at a national level and is not affected by the absence of any one jurisdiction.

[21] Given the information available and the scope of this research effort, it is possible that differences between respondents and nonrespondents exist that the study team was unable to identify. Most notable is the possibility that the success rate among respondents in meeting project goals is higher than the rate for nonrespondents. Because outcome and performance information are not available for most projects in any data source used in this research, Econometrica was unable to ascertain the relative success rates for respondents and nonrespondents.

[22] Econometrica made multiple attempts to contact representatives of the City of Los Angeles before and during the Web survey.

Chapter 2: Descriptions of Section 108 Projects

The HUD administrative file review, other HUD data, the Web survey, and the site visits are the basis for the substance of this chapter, which describes the Section 108 projects funded from FY 2002 through FY 2007. A full description of the projects is included in Appendix E, Section 108 Project Descriptions for Projects Funded from FY 2002 through FY 2007. The descriptions from the administrative files are based on what the grantee intended to do at the application phase. The descriptions based on the survey are what the grantees said they did with the funds.

As noted in Chapter 1, the Section 108 program provides communities with a source of financing for economic development, housing rehabilitation, public facilities, and large-scale physical development projects.[23] Section 108 projects must meet one of the following three National Objectives:[24]

- Principally benefit LMI people.
- Assist in the elimination or prevention of slum and blight conditions.
- Meet other community development needs that have a particular urgency and are of very recent origin.

[23] See http://www.hud.gov/offices/cpd/economicdevelopment/programs/rhed/gateway/pdf/Guide_Section4.pdf (accessed on July 10, 2011).

[24] See the Housing and Community Development Act of 1974 (42 U.S. Code Section 5308). Regulatory and Statutory Citations: 24 CFR 570, Subpart M–Loan Guarantees.

Within the National Objective of benefitting LMI persons, there are four categories under which an activity may qualify:

1. **Area Benefit.** Although anyone can use some types of projects, such as roads and parks, for projects to primarily benefit LMI people on an area basis, HUD looks at the project's "service area." If 51 percent of the residents in the activity's service area are LMI, then the project meets a National Objective.
2. **Limited Clientele.** Activities qualify when they meet the needs of a particular class of user. A service or facility must be designed so that at least 51 percent of the users are LMI. HUD presumes that certain types of people are LMI, including abused children, victims of domestic violence, people with disabilities, illiterate individuals, migrant farm workers, and senior citizens.
3. **Housing.** Housing-related activities meet the National Objective only if LMI people occupy the housing units. In multifamily buildings, LMI people must occupy at least 51 percent of the units. In addition, the housing must be affordable (e.g., rent no higher than 30 percent or less of a family's total monthly household income).
4. **Job Creation or Retention.** Job creation or retention activities meet the National Objective when at least 51 percent of the resulting jobs are filled by or "available to"[25] LMI individuals. LMI individuals receive first consideration for filling jobs.

Section 108 PROJECTS must comply with all key CDBG rules, including the following:

- National Objective.
- Seventy-percent LMI targeting.
- Other federal requirements, such as environmental review, Davis-Bacon, Uniform Relocation Assistance (URA), OMB circulars, fair housing/equal opportunity, Lead-Based Paint, and the HUD Reform Act.

[25] "Available to" means either: (1) the job does not require special skills or a particular level of education, or (2) the business has agreed to hire LMI persons and train them for the jobs.

According to HUD data, grantees intended to use Section 108 loan guarantee funds for many types of projects and for multiple uses. Most of the Section 108 grantees that were awarded funds from FY 2002 through FY 2007 noted in their applications that they intended to fund projects to increase job opportunities in LMI neighborhoods, either by creating jobs or retaining them (see Table 5). A large category of projects intended to revitalize communities on an area or neighborhood basis by making more services available, improving infrastructure, and undertaking redevelopment activities.

Table 5. Types of Projects Funded by Section 108

Categories	Number of Section 108 Grantees (Based on Applications)	Number of Section 108 Grantees (Based on the Survey)
Housing	31	16
Job Creation or Retention	139	53
Limited Clientele	46	24
Area Benefit (including Slum and Blight)	134	83

Note: Projects can be included in up to three categories. Data based on 296 applications and 118 survey responses.

The HUD data indicate that the intended uses of funds included the following:

- Acquisition of real property, equipment, or working capital.
- Commercial construction.
- Infrastructure improvements.
- Site preparation or remediation.
- Professional, social, or educational services.
- Job training.
- Technical assistance.
- Microenterprise assistance.

In their applications, grantees noted that they intended to do the following:

- Acquire property to improve public facilities such as health or social service centers, make land suitable for development, add to existing structures or businesses, convert property into affordable housing, relocate businesses, make properties more accessible, remove blight, and add to existing amenities.
- Develop or improve infrastructure to spur economic activity, enhance public facilities and commercial space, provide needed services, complement affordable housing and commercial construction, and help attract new business activity.
- Expand or redevelop industrial or commercial areas to encourage economic activity, relocate business, provide commercial services to people in the neighborhood, and attract more business development.
- Create full-time or part-time jobs available to LMI persons. In their application, grantees noted that they expected to create or retain jobs that ranged anywhere from single digits to thousands.

(Appendix G contains the intended uses of Section 108 funds as described by grantees in the survey responses.)

Grantees responding to the survey were more specific in listing their accomplishments. Respondents said that in meeting the National Objectives, they were able to replace outdated infrastructure, rehabilitate buildings or downtown areas, create new or save existing jobs, provide additional social services, increase or preserve additional housing stock, preserve historical sites, add retail and commercial space, and provide gap financing. These accomplishments increased the community's tax base and allowed grantees to leverage additional funds to encourage additional development.

The remainder of this chapter describes the Section 108 projects based on the information contained in HUD's administrative files.

Descriptions of Section 108 Projects Based on HUD's Administrative Records

The study period covers Section 108 projects funded from FY 2002 through FY 2007. Based on a dBase file maintained by the Financial Management Division, HUD approved a total of 329 Section 108 projects over the study period, as indicated by unique grant[26] numbers. Of these 329 projects, two are under investigation, two cover the Pennsylvania Consortium, and one project had two grant numbers. The first four projects are excluded from the following analysis, and information associated with the older grant number is excluded for the other project, leaving a universe of 324 Section 108 projects,[27] each with one unique grant or project number. Furthermore, of the 324 projects, 22 are located in Puerto Rico, and 28 projects have not used their Section 108 funding (26 never used the funding, and two have not used their Section 108 funds as of January 2011).

Trends in Section 108 Funding From FY 2002 through FY 2007

Over the course of the study period, the number of Section 108 projects funded in each FY has declined, but the average amount of Section 108 funds per project has increased (see Table 6). The decrease in the number of projects eclipses the increase in per-project funding, so that the total amount of Section 108 funding has declined.

Table 6. FY 2002 through FY 2007 Section 108 Projects and Approved Funding Amounts by Year (dBase, Administrative Files)

Year	Number of Projects	Percent of Projects	Total Section 108 Amount (in Millions)	Percent of Section 108 Funding (FY 2002-07)	Average Section 108 Amount
2002	73	23%	$308	19%	$4,218,822
2003	65	20%	$334	21%	$5,133,585
2004	66	20%	$289	18%	$4,380,030
2005	47	15%	$242	15%	$5,144,617
2006	36	11%	$220	14%	$6,120,028
2007	37	11%	$201	13%	$5,424,838
Total	324	100%	$1,594	100%	$4,918,444

[26] Technically the Section 108 funds are assigned HUD grant numbers. Throughout this document, the terms grant number and project number are used interchangeably.

[27] Here, "universe" refers to all approved Section 108 project applications between FY 2002 and FY 2007, less two under investigation, two from the Pennsylvania Consortium, and one that was assigned two grant numbers and whose current status could not be clarified.. In contract, in Chapter 1, Table 2, "universe" refers only to those projects for which the study team was able to obtain contact information and send a Web survey invitation.

Table 7 rearranges Table 6 by listing projects in Puerto Rico and projects identified during the Web survey as not using approved Section 108 funds in separate rows. Separating the projects in Puerto Rico and the projects that did not use Section 108 funds shows that the number of projects in FY 2002 decreased by 10 and in FY 2004 decreased by 14. The total amount of Section 108 funding in FY 2002 decreased by more than $100 million.

Without including those projects, the average amount of Section 108 funds per project falls by more than $1 million in 2002 but increases in 2004 and 2005. In effect, projects that do not get started at all tend to be smaller than average.

Table 7. FY 2002 through FY 2007 Section 108 Projects and Approved Funding Amounts by Year, whether the Project Is in Puerto Rico, and whether Section 108 Funds Were Used (dBase, Administrative Files, Web Survey)

Year	Number of Projects	Percent of Projects	Total Section 108 Amount (in Millions)	Percent of Section 108 Funding (FY 2002-07)	Average Section 108 Amount
2002	63	19%	$202	13%	$3,207,413
2003	59	18%	$287	18%	$4,869,203
2004	52	16%	$258	16%	$4,968,558
2005	40	12%	$227	14%	$5,687,425
2006	29	9%	$175	11%	$6,046,552
2007	30	9%	$159	10%	$5,310,133
No 108 Funds Used	29	9%	$66	4%	$2,280,828
Puerto Rico	22	7%	$218	14%	$9,889,364
Total	324	100%	$1,594	100%	$4,918,444

Regional Distribution of Section 108 Projects (FY 2002 through FY 2007)

Although eligible applicants are located throughout HUD regions, HUD Regions 9 (including California) and 4 (including Puerto Rico) had the most Section 108 projects in the study period, with Region 3 surpassing Region 4 when Puerto Rico is considered separately. Regions 6, 7, and 8 have the fewest number of projects in the study period, although Regions 6 and 7 both have average per-project Section 108 funding amounts significantly higher than the national average. Separating the 22 projects located in Puerto Rico from Region 4 decreases the average per-project Section 108 funding amount by almost $2 million. Separating projects that did not use Section 108 funds slightly increases average per-project Section 108 funding amounts, except in Region 6 (increase by $1.65 million) and Region 8 (decrease by $0.29 million, the only Region to decrease). The 28 projects that did not use Section 108 funds were spread evenly across Regions except for Region 7, where every project used Section 108 funds.

Table 8. FY 2002 through FY 2007 Section 108 Projects and Approved Funding Amounts by Region (dBase, Administrative Files)

Region[28]	Number of Projects	Percent of Projects	Total Section 108 Amount (in Millions)	Percent of Section 108 Funding (FY 2002-07)	Average Section 108 Amount
1	23	7%	$129	8%	$5,617,913
2	39	12%	$62	4%	$1,590,410
3	46	14%	$210	13%	$4,558,609
4	54	17%	$343	22%	$6,349,074
5	31	10%	$182	11%	$5,867,968
6	16	5%	$115	7%	$7,173,500
7	6	2%	$48	3%	$7,925,833
8	12	4%	$54	3%	$4,532,667
9	80	25%	$352	22%	$4,400,950
10	17	5%	$99	6%	$5,828,588
Total	324	100%	$1,594	100%	$4,918,444

Table 9 rearranges Table 8 by listing projects in Puerto Rico and projects identified during the Web survey as not using approved Section 108 funds in separate rows.

Table 9. FY 2002 through FY 2007 Section 108 Projects and Approved Funding Amounts by Region, whether the Project Is in Puerto Rico, and whether Section 108 Funds Were Used (dBase, Administrative Files, Web Survey)

Region	Number of Projects	Percent of Projects	Total Section 108 Amount (in Millions)	Percent of Section 108 Funding (FY 2002-07)	Average Section 108 Amount
1	22	7%	$126	8%	$5,736,909
2	36	11%	$58	4%	$1,617,000
3	43	13%	$204	13%	$4,737,116
4	24	8%	$110	7%	$4,565,625
5	30	9%	$178	11%	$5,946,900
6	12	4%	$106	7%	$8,824,667
7	6	2%	$48	3%	$7,925,833
8	9	3%	$38	3%	$4,241,778
9	76	24%	$345	22%	$4,535,368
10	15	5%	$97	6%	$6,496,600

Continued on next page

[28] HUD divides the United States into 10 Regions, as follows:

• Region 1: CT, ME, MA, NH, RI, VT.	• Region 6: NM, TX, OK, AR, LA.
• Region 2: NY, NJ.	• Region 7: NE, IA, KS, MO.
• Region 3: DC, DE, MD, PA, VA, WV.	• Region 8: MT, WY, ND, SD, UT, CO.
• Region 4: KY, TN, MS, AL, GA, FL, SC, NC.	• Region 9: CA, NV, AZ, HI, GU, MP, AS.
• Region 5: MN, WI, IL, IN, MI, OH.	• Region 10: AK, OR, WA, ID.

Table 9. FY 2002 through FY 2007 Section 108 Projects and Approved Funding Amounts by Region, whether the Project Is in Puerto Rico, and whether Section 108 Funds Were Used (dBase, Administrative Files, Web Survey) (Cont.)

Region	Number of Projects	Percent of Projects	Total Section 108 Amount (in Millions)	Percent of Section 108 Funding (FY 2002-07)	Average Section 108 Amount
No 108 Funds Used	29	8%	$66	4%	$2,280,828
Puerto Rico	22	7%	$218	14%	$9,889,364
Total	324	100%	$1,594	100%	$4,918,444

The geographic distribution by state of Section 108 projects and funds in the study period contains some surprises. Table 10 shows that the states with the greatest number of projects and those with the largest total amount of Section 108 funding are populous. Interestingly, New York, tied for the second-most number of projects, is eighth in total Section 108 funding and has a per-project average Section 108 funding amount of $1.55 million. The states with the largest per-project average amount of Section 108 funding have two to four projects with large Section 108 amounts. Texas's rankings are skewed by one project in San Antonio with $57 million in Section 108 funding.

Table 10. Top Five States, FY 2002 through FY 2007 Section 108 Projects and Approved Funding Amounts (dBase, Administrative Files, Web Survey)

State	Number of Projects	State	Total 108 Amount	State	Average 108 Amount
California	72	California	$330 million	Texas	$12.3 million
New York	31	Pennsylvania	$120 million	Florida	$12.0 million
Pennsylvania	31	Michigan	$100 million	Vermont	$9.9 million
Massachusetts	13	Massachusetts	$79 million	Minnesota	$9.0 million
Michigan	13	Texas	$74 million	Indiana	$8.8 million

This does not include 22 Section 108 projects in Puerto Rico or the 28 projects that have not used Section 108 funds.

Table 11. Top Five Jurisdictions, FY 2002 through FY 2007 Section 108 Projects and Approved Funding Amounts (dBase, Administrative Files, Web Survey)

Jurisdiction	Number of Projects	Jurisdiction	Total 108 Amount	Jurisdiction	Average 108 Amount
Rockland County, NY	10	Detroit	$80 million	San Antonio	$57.0 million
Los Angeles	8	Los Angeles	$63 million	Winooski, VT	$24.3 million
Middletown, NY	8	San Antonio	$57 million	Boston	$22.5 million
San Diego	7	San Jose	$57 million	San Jose	$18.9 million
Reading, PA	6	Boston	$45 million	Des Moines	$17.5 million

This does not include 22 Section 108 projects in Puerto Rico or the 28 projects that have not used Section 108 funds.

The geographic distribution by jurisdiction of Section 108 projects and funds in the study period leads to more extreme versions of the observations made based on distribution by state (see Table 10). Since individual jurisdictions have fewer Section 108 projects than states, distortions caused by projects with large Section 108 amounts are more evident. The one $57 million project in San Antonio places it first in per-project average amount of Section 108 funding and third in total Section 108 funding. Similarly, San Jose, with three large projects, and Boston, with two large projects, are fourth and fifth, respectively, in total Section 108 funding, while Rockland County, Middletown, San Diego, and Reading are not even in the top 10.

A number of large cities, such as Philadelphia, used most of their available Section 108 funding prior to the study period and are thus unable to apply for new Section 108 projects until their existing loans are repaid.

Distribution by Project Type

As Tables 12 and 13 show, the distribution of projects by type is fairly steady, with decreases in each type that follow the decrease in total Section 108 projects over time in the study period. In general, economic development projects are the most popular type of project funded in each FY, and few housing projects are funded each year. The distribution of projects that did not use Section 108 funds by type does not deviate from the distribution of projects by type for each FY; that is, no one type of project has a notable concentration of projects that did not use Section 108 funds.

Table 12. Distribution of Projects by Type and FY (Administrative Files, HUD Web Site Project Summaries)

Fiscal Year	Economic Development	Housing	Public Facilities	Total
2002	34	10	29	73
2003	32	8	25	65
2004	37	1	28	66
2005	32	3	12	47
2006	24	3	9	36
2007	26	3	8	37
Total	185	28	111	324

Table 13 rearranges Table 12 by listing projects in Puerto Rico and projects identified during the Web survey as not using approved Section 108 funds in separate rows.

Table 13. Distribution of Projects by Type and FY, whether the Project Is in Puerto Rico, and whether Section 108 Funds Were Used (dBase, Administrative Files, HUD Web Site Project Summaries, Web Survey)

Fiscal Year	Economic Development	Housing	Public Facilities	Total
2002	30	9	24	63
2003	32	6	21	59
2004	32	1	19	52
2005	29	2	9	40
2006	22	3	4	29
2007	21	2	7	30
No 108 Funds Used	14	5	10	29
Puerto Rico	5	0	17	22
Total	185	28	111	324

There is a notable decrease in the number of public facilities projects funded annually after FY 2004. The maximum amount of total Section 108 funding that a jurisdiction may receive is five times the jurisdiction's most recent CDBG allocation. The size of a new Section 108 loan is limited to the maximum Section 108 amount less existing Section 108 loan balances. A jurisdiction that has secured most or all of its available Section 108 funding cannot receive additional Section 108 funds until it repays existing Section 108 loans or receives an increase in its CDBG entitlement. One possible explanation for the decrease in the number of public facilities projects funded annually is that the slower repayment mechanisms typically used for public facilities projects limits the amount of available new Section 108 funding. In other words, jurisdictions with a large public facilities project or numerous public facilities projects must wait for existing loan balances to decrease before applying for a new public facilities project, and given a slower repayment mechanism for public facilities projects, the jurisdiction may have to wait five years or longer before submitting a new application. This contrasts with economic development projects, which typically have faster repayment mechanisms. Rapid repayment of economic development projects decreases existing loan balances such that the jurisdiction can apply for a new Section 108 loan.

Funding Sources

During the review of HUD administrative files, the team identified 679 unique sources and 1,074 unique uses of funds for the Section 108 projects in the study period. For purposes of analysis, it was necessary to collapse the sources and uses into a more manageable number of categories. For example, funding sources could be classified as federal, state, or local governments. Funds might also come from a variety of private sources. Uses of funds could be classified as various types of construction cost, including components of "hard" and "soft" costs. Other categories of uses might include setting up loan programs (i.e., relending the Section 108 funds), making interest payments, or incurring legal costs.

Table 14. Sources of Additional Funds Based on Section 108 Project Application Materials (Administrative Files)

Funding Source	Number of Projects Using Source	Total Amount from Source (in Millions)
Private Financing	81	$993.4
Developer/Owner Equity	97	$889.0
Developer/Owner Debt	13	$809.8
Local Funds	97	$727.3
Public Financing	36	$343.5
Tax Credit	30	$308.3
Other	29	$151.5
Corporate Funds	13	$132.5
State Funds	61	$131.4
BEDI	73	$103.2
HOPE VI	3	$79.8
CDBG	56	$59.2
Land Value	8	$47.7
Private/Non-profit Contributions	20	$39.2
Federal Home Loan Bank	7	$38.5
EDI	33	$26.5
HOME	11	$22.5

Table 14. Sources of Additional Funds Based on Section 108 Project Application Materials (Administrative Files)

Funding Source	Number of Projects Using Source	Total Amount from Source (in Millions)
EDA	9	$18.5
Other HUD Sources	11	$15.7
Other Federal	9	$10.0
U.S. Department of Transportation	5	$9.9
SBA	3	$2.8
EPA	5	$1.3

This is based on data available for 247 projects. This does not include the 22 Section 108 projects in Puerto Rico or the 28 projects that have not used Section 108 funds.

Table 14 shows sources of funds for descriptive purposes. It demonstrates the variety of resources assembled to carry out Section 108 projects.

Table 15. Comparison of Section 108 Funds to Other Project Funds by Type of Project, Based on Section 108 Project Application Materials (Administrative Files)

	Economic Development	Housing	Public Facilities	Total
Total Section 108 Funds	$788 million	$94 million	$199 million	$1,080 million
Total Other Funds	$3,545 million	$429 million	$990 million	$4,964 million
Ratio of Section 108 to Other Funds	$1 : $4.50	$1 : $4.58	$1 : $4.99	$1 : $4.60

Information is based on data available for 217 projects with more than one funding source. This does not include Section 108 projects in Puerto Rico or projects that have not used Section 108 funds.

Although the Section 108 program does not require communities to match or leverage program funds, grantees in the study were very successful in combining Section 108 funding with other funding sources (see Table 15). They averaged $4.62 of additional funding secured for each dollar of Section 108 funds.[29] Much of the additional funding came from private sources (private financing such as commercial bank loans, developer/owner debt, and developer/owner equity combined for over $2.7 billion in project funding during the study period). During the site visits, grantees commonly described the relationship between Section 108 funds and other funds in two ways. The first and most prevalent is that Section 108 funding catalyzes additional funding in that it makes the project both feasible and viable to other funding sources. The second is that Section 108 funding is needed to fill the gap between other committed funding and total project costs.

Section 108 projects tend not to leverage other federal funds,[30] with the exception of tax credit programs (including Historic Tax Credits (HTC), Low Income Housing Tax Credits (LIHTC), New Market Tax Credits (NMTC), and others). During the site visits, grantees noted that most of their Section 108 projects did not qualify or conform to other federal programs, both in the program requirements

[29] A 1982 HUD evaluation of the Urban Development Action Grant (UDAG) program found that the program leveraged an average of 5.5 private dollars for each UDAG dollar. In 2002, the Urban Institute found that for Section 108 the leverage ratio was $.95 in private spending to $1.00 in public funding. In 2008, GAO calculated the ratio of private to public funds in the HOME program as $.62 to $1.00, and $.67 to $1.00 for the HOPE VI program.

[30] BEDI and EDI grants require Section 108 approval and funding.

and the amount of funds available relative to need from other federal programs. One grantee noted an instance where Section 108 approval helped the grantee secure funds from another federal program, and that without the Section 108 funds the other federal program likely would have declined the grantee's application.

Surprisingly, grantees proposed using CDBG funds in addition to Section 108 funds in only 22.4 percent of projects.[31] Some grantees separate the types of projects and the source of funds, with Section 108 funding economic development projects and CDBG funding public facilities. Other grantees establish a cost threshold, with projects below the threshold funded by CDBG and those above the threshold funded by Section 108.

Local funds, including tax increment financing (TIF), are used by 39.2 percent of projects and provide a significant amount of additional funding.

This reflects the grantee's financial commitment to the projects and also reflects the grantee's efforts to match federal funding. While the study team is unaware of any jurisdiction that requires matching Section 108 funding with local funds, some grantees pursue a match with either local funds or, preferably, with private funding.

Use of Funds

Although the study team could not verify all the uses through the survey or in-person discussions with grantees, Table 16 presents the range of uses of Section 108 loans. Given the size and scope of most Section 108 projects, initial budgets and plans often change during implementation. Grantees reported in conversations that some Section 108 projects have significantly changed between approval and implementation.[32]

Table 16. Projected Uses of All Project Funds Based on Section 108 Project Application Materials (Administrative Files)

Funding Use	Number of Projects	Total Amount Proposed for Use (in Millions)
Hard Cost–Construction	142	$2,743.2
Acquisition of land	127	$800.0
Other	38	$512.0
Public Facility Development	37	$299.4
Loans and Grants	41	$197.3
Soft Cost–Other	75	$159.5
Rehabilitation/Renovation	52	$154.1
Infrastructure–Streets	27	$144.8
Professional Services–A&E	79	$84.3
Site Improvements	45	$75.6
Cost of Financing	62	$72.7
Hard Cost–Equipment	37	$72.7
Environmental review– Mitigation/ Remediation	34	$60.8
Relocation	33	$58.2

Continued on next page

[31] Section 108 loan repayment sources and secondary collateral are not included.

[32] Changes to a Section 108 application are permitted so long as grantees follow the application amendment requirement under CFR 570.704(c5). Loan terms also may be changed with prior consent of HUD. It is not uncommon for amendments to be proposed and approved by HUD.

Table 16. Projected Uses of All Project Funds Based on Section 108 Project Application Materials (Administrative Files) (Cont.)

Funding Use	Number of Projects	Total Amount Proposed for Use (in Millions)
Soft Cost–Construction Contingency	61	$56.4
Demolition/Clearance or site preparation	43	$54.8
Interest Payments	59	$51.4
Infrastructure–General/Other	16	$51.1
Soft Cost–Developer/Owner Overhead, Profit or Fee	25	$41.9
Soft Cost–Financial Reserve	29	$39.8
Infrastructure–Water and Sewer	13	$21.8
Soft Cost–Management and Administration	26	$21.4
Professional Services–Other	38	$18.5
Infrastructure–Utilities	13	$18.2
Soft Cost–Fees	29	$17.1
Environmental–Other	8	$2.0

Information is based on data available for 244 projects. This does not include Section 108 projects in Puerto Rico or projects that have not used Section 108 funds.

According to the information in the administrative files for 244 Section 108 projects, Hard Cost–Construction (i.e., expenses incurred for physical improvements that can be seen, such as foundations, walls, roof, electrical work, plumbing, etc.) represented by far the single largest category of use, accounting for almost half of the total funds. The next largest category is Acquisition, which accounts for 14 percent of proposed project expenditures. Even by combining several related line items, none of the remaining categories approaches this level of use. The third largest use of funds is for infrastructure, accounting for a little over four percent.

Use of Section 108 Funds in the United States by the Largest and Poorest Cities

To determine whether use of Section 108 funding was more prevalent in large versus smaller cities, the study team asked field office staff members which communities tend to use Section 108 funds. They mostly replied that larger cities had made very good use of the Section 108 program in the past. One field office's staff said that large cities in its jurisdiction had not used the program recently because they had maxed out their allowable Section 108 debt.

The study team looked at the data available for this study to determine whether all of the 25 most populous cities have used Section 108 during the study period and to what extent. Table 17 shows which large cities have used Section 108 funds. The 25 largest cities had 46 total awards. Two cities in California, Los Angeles and San Diego, had the most awards, nine and eight, respectively. Detroit had the next largest number of awards. Thirteen of the 25 largest cities had at least one Section 108 project awarded during the study period.

Table 17. Use of Section 108 in the 25 Largest Cities in the United States

City, State	2009 Population (estimate)	Rank in 2009	Number of Section 108 Projects awarded in FY 2002-07
New York, NY	8,391,881	1	3
Los Angeles, CA	3,831,868	2	9
Chicago, IL	2,851,268	3	0
Houston, TX	2,257,926	4	0
Phoenix, AZ	1,601,587	5	0
Philadelphia, PA	1,547,297	6	2
San Antonio, TX	1,373,668	7	1
San Diego, CA	1,306,301	8	8
Dallas, TX	1,299,543	9	0
San Jose, CA	964,695	10	3
Detroit, MI	910,920	11	5
San Francisco, CA	815,358	12	0
Jacksonville, FL	813,518	13	0
Indianapolis, IN	807,584	14	0
Austin, TX	786,382	15	3
Columbus, OH	769,360	16	0
Fort Worth, TX	727,575	17	0
Charlotte, NC	709,441	18	0
Memphis, TN	676,640	19	1
Boston, MA	645,169	20	2
Baltimore, MD	637,418	21	3
El Paso, TX	620,447	22	0
Seattle, WA	617,334	23	2
Denver, CO	610,345	24	4
Nashville-Davidson, TN	605,473	25	0

The study team also examined whether the poorest cities in the United States used Section 108 and to what extent. Table 18 shows the number of Section 108 projects awarded from FY 2002 through FY 2007 to the 25 poorest U.S. cities.

Table 18. Use of Section 108 in the 25 Poorest Cities in the United States

City, State	Poverty Rate	Rank	Number of Section 108 Projects awarded in FY 2002-07
Detroit, MI	33.3%	1	5
Cleveland, OH	30.5%	2	1
Buffalo, NY	30.3%	3	0
Newark, NJ	26.1%	4	0
Miami, FL	25.6%	5	1
Fresno, CA	25.5%	6	0
Cincinnati, OH	25.1%	7	1
Toledo, OH	24.7%	8	0
El Paso, TX	24.3%	9	0
Philadelphia, PA	24.1%	10	2
Milwaukee, WI	23.4%	11	1
Memphis, TN	23.1%	12	1
St. Louis, MO	22.9%	13	0
Dallas, TX	22.6%	14	0
New Orleans, LA	22.6%	15	3
Atlanta, GA	22.4%	16	0
Stockton, CA	21.6%	17	1
Minneapolis, MN	21.3%	18	0
Pittsburgh, PA	21.2%	19	5
Tucson, AZ	20.9%	20	0
Chicago, IL	20.6%	21	0
Columbus, OH	20.1%	22	0
Long Beach, CA	19.8%	23	0
Houston, TX	19.5%	24	0
Los Angeles, CA	19.4%	25	9

Los Angeles, the second largest city and 25th poorest city in the United States, had the largest number of Section 108 awards among the 25 poorest cities, followed by Detroit, the poorest city in the United States, and Pittsburgh, the 19th poorest city in the United States.

Trends in Section 108-funded Initiatives

The team found that the role the Section 108 program plays in funding projects varies based on the total project cost. Most of the projects with small total project cost (less than $3 million, with exceptions) are majority-funded by Section 108, and, if the Section 108 program did not exist, the team expects that the jurisdiction probably would not propose the project. Most of the projects with large total project cost (greater than $50 million, with exceptions) include a relatively small amount of Section 108 funding, and the jurisdiction might possibly carry out the project even if the Section 108 program did not exist (although with more onerous financing).

Of the projects reviewed in this research, more than one-half received more than 50 percent of their funding through the Section 108 program; without the program, the project likely would not have moved forward as envisioned.[33] Section 108 funds both stimulate and support additional project funding. In some cases additional funds are implicitly conditional on the Section 108 approval, while in others Section 108 funds are used to bridge the gap between the maximum funds available from other sources (including federal programs) and the actual project cost. During every site visit, the grantee praised Section 108 for its flexibility and noted that many successful projects never would have occurred without this flexibility.

Because the non-financial data available from HUD are generally limited to Section 108 application and approval materials, it is difficult to determine the extent to which the current economic downturn and nascent recovery affects Section 108 projects and the use of Section 108 funds. Based on the Web survey and site visits, there are a number of Section 108 projects that have changed their scope significantly. The changes in scope range from reducing the size of the project to changing the National Objectives to outright cancelling the project. In some cases, economic conditions were cited as the reason for the change in scope. Economic conditions also have hampered achievement of project outcomes. For example, a number of projects that responded to the survey have prepared land or rehabilitated buildings yet have been unable to sell the real estate as planned. This subject is discussed in the context of program outcomes in Chapter 4.

[33] Chapter 4 includes supporting documentation for this statement.

Other Issues Associated with the Section 108 Loan Guarantee Program

Loan Financing and Repayment Systems Used by Grantees

All Section 108 applications pledge secondary collateral such that no Section 108 loan has defaulted (triggering HUD's 100-percent guarantee). The public offering, coordinated by the Financial Management Division, specifies the terms of repayment for those grantees that elect to sell their notes and lock in a permanent fixed rate.

Grantees use a variety of mechanisms for repaying the Section 108 loan. Examples include the following:

- Payments from third-party borrowers.
- TIF revenues.
- Program income.
- CDBG program grant funds.

All grantees and HUD field office staff members interviewed for this report agree that most economic development projects depend on revenue generated by the project to repay the loan. This revenue may include rents, sale proceeds, loan repayment (when a grantee relends the funds to a third party), and increased tax collections. Most public facilities projects depend on future revenues for repayment, typically CDBG funds. Housing projects are more similar to economic development in that they anticipate rents or sale proceeds, but some also use future CDBG and other funding sources for repayment.

In the survey and during site visits with field office staff members and grantees, the study team touched on the repayment mechanisms and the reasons for choosing one mechanism over another. Field office and grantee staff members provided the following insights, grouped geographically:

Southern California

According to staff members in the Los Angeles field office (which covers half of California's 105 entitlement communities, less than half of which participate in Section 108), grantees in southern California tend to use CDBG funds to repay Section 108 loans. The following are observations:

- A field office staff member drew a random sample of 17 active Section 108 loans to provide information on how grantees repaid their loans in the region. For 13 of the 17 loans (totaling $44 million), grantees were repaying the loans using CDBG funds exclusively. For the remaining four loans (totaling $31 million), grantees were using a combination of CDBG, TIF, and/or project-generated revenue and developer cash flow.

- A representative of a small city (that covers no more than seven square miles and has a population of about 50,000) in the region said that it repays Section 108 loans using CDBG funds exclusively.

- A city manager said the city used CDBG funds to pay off its Section 108 loan over a seven-year period.

- One grantee that oversaw multiple projects offered a more expansive explanation of how it repays its Section 108 loans. The grantee noted that since it uses Section 108 loans to develop retail/commercial space, the cash flow of the completed project is typically the anticipated source of repayment on the Section 108 loans. However, if the project were to default, then the grantee would be obligated to pay the Section 108 loan. As a result, the grantee would probably foreclose on the Section 108 loan to the business or do a "work-out" of the loan so that another borrower could assume the loan and take over the commercial/retail space. Typically, the grantee collects monthly payments from the borrowers and deposits them to a Section 108 repayment account set up for each Section 108 borrower. The grantee then uses the funds from the respective accounts to repay HUD's fiscal agent for each of the Section 108 loans. The grantee makes these payments on a semiannual or quarterly basis, depending on whether the Section 108 loan is on an interim or permanent amortization schedule.

Pacific Northwest

- Staff members in the Seattle field office told the study team that grantees in the Pacific Northwest tend not to use CDBG for repayment. In their experience, only a few grantees planned to use CDBG funds to repay their Section 108 loans. One field office staff member said, "The vast majority typically plan to use some sort of project generated revenue."

- One field office staff member added that there are a few exceptions. For example, in the case of default or delay in payment, grantees use CDBG. In addition, one field office staffer said that in the case of a loan fund, the Section 108 loan would be repaid with the proceeds of the loan.

- A representative from a city in the region said that tight budgets preclude using Section 108 for projects that do not generate enough revenue. The representative further noted, "We have a very tight CDBG budget—all of our CDBG funds are allocated to other programs/projects. If we used CDBG to repay one or more Section 108 loans, it would likely result in the termination of programs/projects that rely on CDBG funding. As a result, the city ensures that 108 projects generate enough revenue on their own to cover debt service payments. Of course, using CDBG funds to repay 108 loans would expand opportunities for us to fund projects that may not generate high revenue but create high public benefit (jobs or goods/services for low-income communities). Due to continuing cuts in the city's CDBG entitlement, using CDBG funds for 108 loan repayments would not be considered a viable option at this time."

New England

- One city manager in the Boston area (where the city has done more than $12 million worth of Section 108 loans) said that CDBG has been used for repayment of only $1 million of principal and $250,000 of interest on Section 108 loans. In one case, he told the team that the funds for a large affordable housing project were matched by private capital in the amount of $5 million and that the city used CDBG for partial repayment. In this project, the City did not re-loan the 108 funds to a third party. Rather, the city is repaying the loan with the proceeds from selling parcels of land. The city manager elaborated that generally the city does not use CDBG to pay back the loans except as a last resort. He said, "We set up the loans with a revenue stream identified that can be used to finance the payment schedule. Typically, this comes from the third-party borrower who borrows the funds from us to support a development project. Only if the development deal collapses and the city needs to repay HUD do we tap CDBG as the source of those repayments."

- One grantee reported that it requires the third-party borrower to repay the 108 loan, with only two known exceptions. The first was an old loan that did not perform. The grantee reluctantly repaid the loan using CDBG. The second was a loan that by design the grantee is repaying out of city capital funds. The grantee stated, "We could not possibly pay all of our 108 loans out of CDBG without seriously disrupting our entire CDBG program given the volume of 108 loans we carry."

- One grantee in the region noted that, depending on the revenue stream generated by the economic development project and whether the grantee uses other funds to hasten repayment, the Section 108 loan can be repaid in a few years, thus allowing the grantee to pursue new Section 108 funding. The grantee provided an illustrative example: an economic development project that included acquisition and rehabilitation of a building, with construction scheduled to last for one year, followed by a sale to a developer or business. If successful, the sale proceeds would match or exceed the balance of the Section 108 loan, and the grantee could complete repayment after the sale is completed, possibly in less than two years.

Pennsylvania

- The Philadelphia field office staff noted that Section 108 grantees do not necessarily give up use of their CDBG funds. Staff members explained that the grantee sets up accounts for the Section 108 line of credit and for Section 108 payments. An account is also set up for the CDBG line of credit. Depending on the nature of the repayment schedule, grantees might not need to give up any of their CDBG funding. However, if Section 108 repayments are not made on a timely basis from the pledged sources, then payment will be made from the CDBG line of credit. Staff members acknowledged that there are of course some Section 108 loans where the repayment plans will sometimes call for use of CDBG funds for repayments.

- One grantee in the area told the team that it was awarded a BEDI grant in the amount of $1.4 million, of which it will use $1 million for interest payments on the Section 108 loan and $400,000 as a debt service reserve for the project.

- Another grantee said that it would repay its Section 108 loan over a 20-year period using special assessments and CDBG. If the CDBG entitlement is insufficient, the grantee will use monies from its general fund to pay annual debt service.

Oklahoma

- Staff members in the Oklahoma City field office said that a city in its jurisdiction with a very large Section 108 project is using a portion of its annual CDBG allocation to pay the principal over five years. They also pointed out that because the site is within an Empowerment Zone, the project was able to qualify for tax credits based upon the number of employees who live and work in the Empowerment Zone. Also, since the project qualified for a BEDI grant, the city used BEDI funds to make interest payments on the Section 108 loan. The remaining components of the project were the result of negotiations between the private sector, the city manager, and the local Chamber of Commerce.

- One grantee staff member said that payment depends on the nature of the loan. For example, on some loans, the assisted business pays. For others that are economic development activities, the city pays. For the grantee's revolving loan fund, the fund is repaid with the proceeds of the loans.

Various Regions

- One grantee in Wisconsin uses CDBG on a quarterly basis to repay its Section 108 loan.

- A project manager with a city in the Midwest said that the Section 108 loans with which she has been involved have been paid back by private/outside sources or from sales proceeds from completed, Section 108-funded houses. She noted further, "The subsidies that were needed on the latter loan were identified up front and funds committed to cover the gaps, which could include CDBG, state, and local funds. The Section 108 loan provides us low interest funds for construction to help minimize the subsidy gap that is needed."

- One grantee in a North Carolina said it uses third-party loan repayments. When the repayment of those loans ends, the grantee anticipates using CDBG funds to repay outstanding obligations.

- One grantee in the Atlanta region said that it used CDBG to repay a Section 108 loan for an infrastructure project because it was a HOPE IV project that did not produce revenue. The grantee has another project, a revolving loan fund, whose volume of activity is not sufficient to cover 108 debt payments and CDBG funds will be used to repay that loan as well.

In general, on the issue of repayment, field office and grantee staff members emphasized the importance of carefully vetting Section 108 projects within their jurisdictions and structuring loans properly so that repayment would not be an issue. All grantees that were interviewed during the site visits expressed the opinion that if a Section 108 project was carefully vetted and properly structured, then repayment would not be an issue. All 10 grantees that were visited said that they would not risk future CDBG funds. They said that if loans to third-party borrowers are repaid, funds can be revolved, thereby making them available to make additional new loans. They said that they would use CDBG funds to repay the Section 108 loan as a last resort. Those that used CDBG funds to repay were not able to recoup enough revenues from the proceeds of the projects they funded, or the projects themselves did not produce revenue. According to these grantees, repayment problems are not common, and in the end all loans are repaid, thereby guaranteeing that there is no stoppage of funding for economic development purposes.

Although the Web survey did not ask a specific question about repayment, a few grantees provided information on issues related to using CDBG funds for repayment. When asked whether the grantee would consider applying for a Section 108 loan in the future, grantees representing 16 Section 108 projects said they would not consider future Section 108 loans because they did not want to include CDBG funds as part of the repayment plan. Ten of those 16 responses went further to state that they did not want to risk losing CDBG funds if the repayment plan is not met.

Approximately 37 percent of the grantees that responded to the Web survey question on why they would choose Section 108 agreed with the interpretation provided by one grantee during the site visits. The grantee noted that local bonds are a viable alternative to Section 108 funding (based on the amount available and flexibility of funds), but that bond funding is much more difficult to secure. A typical bond requires approval from voters, either directly through a referendum or indirectly through local government legislation, while Section 108 can be pursued with fewer procedural hurdles. Local bonds are typically guaranteed by the jurisdiction's general fund, and receiving permission to use the general fund as collateral is much more difficult than identifying secondary collateral that meets Section 108 program requirements. Due to the scope of the project and the various local agencies involved, one grantee structured the repayment stream for a Section 108 loan the same way as it would for a local bond, with each local agency budgeting Section 108 repayment into its annual budget. The grantee explained that it would never restructure a repayment stream like that again because of the difficulty in negotiating with the various local agencies.

Reducing the Risk of Foregoing Future CDBG

During site visits, the study team asked field office staff members how often grantees actually use CDBG for repayments and how often communities give up the use of their CDBG funds. Staff members from one field office noted that Section 108 grantees do not necessarily give up use of their CDBG funds. Accounts are set up for the Section 108 line of credit and for Section 108 payments. An account is also set up for the CDBG line of credit. Depending on the nature of the repayment schedule, grantees might not need to give up any of their CDBG funding. However, if Section 108 repayments are not made on a timely basis from the pledged sources, then payment will be made from the CDBG line of credit. And of course, the repayment plans will sometimes call for use of CDBG funds for repayments.

According to some grantees, the risk of using future CDBG funds to repay a Section 108 loan still presents an unacceptable risk. Some grantees look to other tools to reduce the risk of using future CDBG allocations for loan repayment. Some grantees reported that they relied on the EDI and BEDI grants as a way to decrease the level of risk, thereby providing additional security for the Section 108 loan. By using EDI as a loan-loss reserve or debt-service, paying some of the project costs with grant funds, or reducing the interest rate to be paid from a revolving loan fund, local governments can protect their CDBG funds in the event of a Section 108 loan default. Approximately 10 percent of the Section 108 projects include an EDI or BEDI grant. One grantee that was interviewed noted, "Were it not for the EDI grant, we would not have used the Section 108 loan program."

Another grantee with a loan pool project has established a debt service/loan loss reserve utilizing a combination of EDI funds and other net revenue generated from loan application fees and the interest rate spread above cost of funds. This reserve supplies additional collateral for four third-party loans from the loan pool, but it does not replace the collateral that the third-party borrower is required to provide. The grantee has asked HUD to allow it to establish a larger loan loss reserve to cover its entire Section 108 loan portfolio.

Loan Pools

During FY 2002 through FY 2007, HUD approved Section 108 loan guarantee commitments to 44 jurisdictions to establish or replenish loan pools—pools of funds available to third-party borrowers, usually for economic development activities.

Loan pools funded by Section 108 are administered at the local level. The Section 108 application includes the rules and underwriting requirements that the grantee will use, and HUD approves them along with the Section 108 application. Depending on the sophistication and experience of the grantee, HUD may require the local field office to approve the terms of some or all loans to third-party borrowers. Field offices make a determination that the proposed project meets the applicable CDBG program requirements for all third-party loans.

Loan pool activity varies by grantee. In general, the loan pool allows the grantees greater flexibility in using a larger amount of Section 108 funds. Some loan pools are targeted to a specific neighborhood or area, such as the Pioneer Square area of Seattle; others are for a specific purpose, such as building hotels; and some, such as the loan pool in Oklahoma City, are broadly defined. Even the stated target area is flexible, as in Seattle, where loans in Pioneer Square did not exhaust the loan pool and a final loan was made to another part of the city. Some loan pools only issue one third-party loan, while others issue many loans. Section 108 loan pools typically fund third-party loans of more than $1 million. The grantees that the team interviewed indicated that smaller loans and projects can use other, often targeted sources of funding that do not require extensive applications.

After HUD Headquarters approval of a loan pool as part of a loan application, information on the projects funded by third-party loans made through Section 108 loan pools is collected at the local level. Grantees share this information with the HUD field office, but communication between the grantees and HUD Headquarters regarding the implementation of third-party loans is rare. Similarly, determinations on the eligibility of specific activities proposed for individual loans within loan pools and approvals in changes in the purpose of those individual pools are made at the HUD field office level and may not necessarily be communicated to HUD Headquarters.

Chapter Summary

The Section 108 program funds a wide range of projects, from refurbishing a food bank to developing a hotel district in a large city. Section 108 is very good at leveraging additional private and public funds ($4.62 for every $1.00 in Section 108 funds), yet many grantees state that their projects could not be completed without Section 108. Over the study period, Section 108 activity drifted towards fewer, larger projects. The type of project has not changed much—economic development projects remain the most popular and account for about half of all projects, while housing projects are few.

Some very large projects, such as a $57 million loan pool in El Paso, TX, skew analysis of Section 108 by state or grantee, and the limited study period also affects geographic analysis by not capturing Section 108 activity prior to FY 2002. Regional analysis should overcome these distortions. Relative to the rest of the country, Regions 6, 7, and 8 do not use Section 108 often, although Oklahoma City exists as a model for a successful Section 108 program in the Midwest and Great Plains.

The National Objectives of LMI jobs and area benefit dominate Section 108 activity, corresponding to economic development and public facilities. There appears to be a decrease in the number of public facilities projects funded annually after FY 2004. One possible explanation for the decrease in the number of public facilities projects funded annually is that the slower repayment mechanisms typically used for public facilities projects limits the amount of available new Section 108 funding. Jurisdictions with a large public facilities project or numerous public facilities projects must wait for existing loan balances to decrease before applying for a new public facilities project, and given a slower repayment mechanism for public facilities projects, the jurisdiction may have to wait five years or longer before submitting a new application. This contrasts with economic development projects, which typically have faster repayment mechanisms. Rapid repayment of economic development projects decreases existing loan balances such that the jurisdiction can apply for a new Section 108 loan.

Field office and grantee staff members that commented on repayment mechanisms emphasized the importance of carefully vetting Section 108 projects within their jurisdictions and structuring loans properly so that repayment would not be an issue. There was agreement on the reluctance to use future CDBG funds on risky investments. Grantees that were visited said in various ways that they would use CDBG funds to repay the Section 108 loan as a last resort. According to these grantees, repayment problems are not common, and in the end all loans are repaid, thereby guaranteeing that there is no stoppage of funding for economic development purposes.

Chapter 3: Program Design Features

OMB's 2007 PART review of Section 108, as discussed in Chapter 1, included an assessment of the program's purpose and design. The review's positive conclusion was that the program: (1) had a clear purpose, (2) focused on specific and existing problems/needs, and (3) was designed to effectively direct resources to meeting the program's purpose and reaching its intended beneficiaries. On the negative side, however, OMB raised two design concerns. The first, involving potential program redundancy or duplication, was based on a Government Accountability Office (GAO) report stating that there were other federal programs and private financing that served similar populations and funded similar categories of activities to Section 108. The second, involving the program's 100-percent loan guarantee feature, was based on federal credit program principles promulgated in OMB Circular 129 that include a preference for guarantees that are less than 100 percent. Both concerns are addressed in this chapter, which presents evidence somewhat at odds with OMB's core conclusions.

Potential Program Duplication

Community and economic development projects can be undertaken in conjunction with numerous federal government programs. Mills, Reynolds, and Reamer (2008), for example, identified 14 federal agencies that administered 250 programs useful to regional economic development. Whether such programs duplicate one another, therefore, is a reasonable question addressed by GAO both in 2000 and 2011. In its initial review, GAO observed that there were 73 programs that could be used to support one or more of six activities identified as being directly related to economic development. In its later review, GAO focused on 80 programs administered by four agencies where duplication, overlap, or fragmentation could occur.[34]

This section considers the question of whether the Section 108 program, in particular, duplicates other programs. (Appendix F contains a description of various federal programs that in part fund economic development programs.) This section expands the discussion to consider also whether aspects of the program may be unique among community and economic development programs and whether the program can constructively complement other programs. The relevant concepts are as follows:

- **Overlap**. Some aspects of an activity or service provided by one federal government program might overlap (i.e., also be provided by) another federal government program.
- **Duplication**. If two or more programs completely overlap, this would be considered duplication.[35] Duplication has the potential to result in inefficient and wasteful use of public resources.
- **Uniqueness**. At the other end of the continuum are programs that are completely unique, meaning they do not overlap at all with any other program.
- **Complementarity**. Community and economic development projects range in size and scope, from small and simple to large and complex. The latter, in particular, often require multiple and complicated financing arrangements that can involve different sources. These can differ

[34] See Multiple Federal Programs Fund Similar Economic Development Activities, United States General Accounting Office: Report to Congressional Committees, GAO/RECD/GGD-00-220, September 2000; Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue, United States General Accounting Office, GAO-11-318SP, March 2011; Karen G. Mills, Elisabeth Reynolds and Andrew Reamer, Clusters and Competitiveness: A New Federal Role for Stimulating Regional Economies, Washington, DC: the Brookings Institution, 2008.

[35] Overlap between the financial support provided by a public-sector community or economic development program and private-sector financing is generally termed "substitution."

with respect to: objectives and requirements, how they are accessed, on what schedule they are available, and the degree to which they are accessible to any particular project sponsor. As a result, the extent to which any particular program complements and can work in conjunction with other financing sources can be very important to project success. A useful additional criterion for assessing a community and economic development program, therefore, is how well it works with other programs.

Despite longstanding interest in the issues of overlap, duplication, uniqueness and complementarity, the evidence on this subject is limited. For example, GAO's 2000 review concluded that, on the one hand, there were multiple programs funding similar activities involving similar applicants, but, on the other hand, programs were often differentiated by legislative or regulatory restrictions targeting separate geographies, income categories, or population densities.[36] Therefore, although there was overlap, additional evaluation and analysis was needed to determine whether it resulted in inefficient or ineffective delivery of programs or services. Until such performance evaluations of potentially overlapping programs were produced, GAO indicated that questions will remain about the consequences of having multiple programs that overlap with respect to activities, target populations, etc. GAO reaffirmed this conclusion in 2011 when it again attempted to identify federal programs or functional areas where unnecessary duplication, overlap, or fragmentation existed. As noted previously, that review considered 80 economic development programs administered by the U.S. Department of Agriculture (USDA), the Economic Development Administration (EDA) of the U.S. Department of Commerce, HUD, and the Small Business Administration (SBA), and concluded that the design of each program appeared to overlap with that of at least one other program in terms of the economic development activities they were authorized to fund.[37]

Likewise, HUD's Office of Policy Development and Research (PD&R) prepared an internal working paper in 2007 that reviewed the Section 108 program, SBA's Section 504 and 7(a) loan programs, EDA's grants for public works and economic facilities, and USDA's Rural Business Opportunity Grants—all of which have a common focus on economic development in distressed communities but different types of funding mechanisms. The paper concluded that while there was overlap among these programs with respect to their common concern for economic development in relatively distressed communities, they represented different programmatic strategies and usually different operational constituencies for achieving economic growth and job creation. The programs, therefore, are considered complementary with respect to achieving economic development in distressed communities across different sizes, geographical locations, or specific difficulties.[38]

Finally, the Urban Institute in 2008 assessed whether (and how) selected SBA programs overlapped with one another and other programs.[39] Included were the Section 7(a) Loan Guaranty program, the Section 504 Loan program, and the Microloan and Debenture Small Business Investment Companies (SBIC) programs. The Institute concluded that some overlap existed between the 504 and 7(a) programs and that a small degree of duplication existed between SBA programs and similar programs administered by other federal agencies. The latter, however, did not exactly replicate the SBA programs but provided similar types of assistance to small businesses (and also to larger businesses, as well). When considering federal, state, and local levels, however, the Institute observed a greater degree of potential duplication, especially with respect to state general-purpose loans and loan guarantee programs that resembled SBA's 7(a) program.

While the above-cited literature suggests that complete overlap (i.e., duplication) among community and economic development programs appears to be rare, it is also clear that some aspects of programs may overlap. GAO approached the question in terms of whether the overlap constituted "unnecessary duplication," meaning that where it could be eliminated costs would be saved. An equally important question, however, is how eliminating a program that partially overlaps another would affect the effectiveness or efficiency of achieving

[36] See http://www.gao.gov/archive/2000/r200220.pdf (accessed on July 18, 2011).

[37] Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue, GAO-11-318SP, March 2011.

[38] Section 108 and Possibly Duplicative Programs. U.S. Department of Housing and Urban Development, Office of Policy Development and Research, 2007.

[39] Rachel Brash, Public Sector Duplication of Small Business Administration Loan and Investment Programs: An Analysis of Overlap between Federal, State, and Local Programs Providing Financial Assistance to Small Businesses, Urban Institute, January 2008.

community and economic development objectives. That question, of course, is more difficult to answer, since it requires having evidence of performance and outcomes, which is often lacking.

Recognizing this significant limitation, the present study sought more modestly to consider the issue of potential overlap between Section 108 and other programs. To determine which programs to include, Section 108 administrative files and project descriptions were initially reviewed to understand the kinds of activities that were being funded. Based on this review, a list of programs that could be used to fund similar activities was prepared. Then, during the data collection phase of the study, field office staff members and Section 108 grantees were asked: whether they were aware of other programs or financing sources they could have used instead of Section 108, whether they considered using other funding sources, their rationale for using Section 108 as opposed to other programs, and whether use of Section 108 complemented use of other programs that they also may have used to carry out their project objectives. Finally, descriptions of the programs that were identified or mentioned using this approach were reviewed to determine how similar or different they were from Section 108.

An advantage of this approach is that it focuses on actual projects rather than simply program objectives (i.e., considering whether different programs allowed for funding of the activities actually undertaken), concentrates on similar target populations, and would have been appropriate given the actual circumstances under which the projects were done. One limit of this approach, however, is that it relied to some extent on field office staff members and grantees' after-the-fact recollections as to what was known and considered at the point that the projects were initiated.

Programmatic Perspectives on the Duplication Issue

The following is a list of selected programs that could conceivably have overlapped with, or duplicated, the Section 108 program for the projects about which data were collected. It also includes programs that conceivably could have been used in conjunction with, and as a complement to, Section 108.

- Community Development Block Grant (CDBG) program.
- Brownfields Economic Development Initiative (BEDI).
- Economic Development Initiative (EDI).
- HOME Investment Partnerships program (HOME).
- Historic Tax Credits (HTC)/Rehabilitation Tax Credits (RTC).
- Low Income Housing Tax Credit (LIHTC) program.
- New Markets Tax Credit (NMTC) program.
- Community Services Block Grant (CSBG) program.
- Grants for Public and Economic Development Facilities.
- Local Tax Increment Financing (TIF) and bond financing.

Each of these programs is briefly discussed in the following subsections.

HUD's Community Development Block Grant (CDBG) Program. Administered by HUD, CDBG involves many of the same rules that govern the Section 108 program, including National Objectives requirements, eligible activities criteria, level of public benefit criteria, and requirements to document job creation and public benefits. More specifically, the requirements consist of: targeting benefits to LMI persons, addressing community health and social needs, and eliminating or preventing areas from becoming blighted or turning into slums. Eligible participants are also similar. Those who qualify are entitlement communities (which are principal cities of at least 50,000 people or cities within metropolitan areas of at least 200,000), as well as non-entitlement communities (which consist of all states including Puerto Rico but excluding Hawaii). CDBG is a formula program, unlike Section 108, and provides grants to cities and counties to develop viable urban communities that have decent housing, safe, and clean living environments and economic opportunities for LMI persons. Once entitlement cities and counties receive their grant, they have wide latitude in determining how to spend and allocate funds, provided they meet specific National

Objectives. Development activities have comprised a range of community and economic development, neighborhood revitalization, or improved community facilities and services.

While CDBG and Section 108 share many similar features, they are not duplicative of one another. In fact, there are several program features that distinguish them, the most obvious of which is the fact that CDBG is a formula-based grant to cities, urban counties, and states and is based on factors such as poverty level, population, housing overcrowding, age of housing stock, and population growth lag. Section 108, on the other hand, is a loan guarantee program restricted to CDBG grantees that apply for the funding.

Field office staff members and grantees shared many reasons why they considered Section 108 and CDBG not to be duplicative. Field office staff members in the Pacific Northwest tended to view Section 108 as a unique resource for economic development, while CDBG was seen as a unique resource for community development. Part of the explanation, as offered by a Section 108 grantee, was as follows:

> "Section 108 carries the expectation of repayment (mainly through projects that generate revenues), while CDBG is seen as a grant or forgivable loan. Thus, CDBG usually funds nonprofits and other projects where cash flow is not the focus. CDBG and Section 108 fund different facets of community and economic development…[we] definitely do not want to threaten future block grant entitlement funds so they heavily scrutinize 108 projects. Most of [our] 108 projects are targeted for economic development."

A HUD field office staff member in the Boston area described the differences between CDBG and Section 108 in terms of each program's planning and application phases:

> "A lot more planning goes into the Section 108 projects. The grantees have to put everything up front: have cost estimates, plans in place, etc. There is a lot more at stake for the grantee and it has the feeling of a competitive process…The process also affords HUD more interfacing and dialogue opportunities with the grantees, where they can redo, retarget, repackage their plans."

Instead of duplicative, then, the more appropriate relationship between these programs seems to be complementary: 41 percent of Web survey respondents indicated that they used CDBG in conjunction with a Section 108 project. In addition, in a handful of site visits, grantees mentioned having combined CDBG and 108 funds for their projects.

HUD's Brownfields Economic Development Initiative (BEDI) Program. HUD also administers BEDI, a grant program that works in conjunction with Section 108 loan guarantees. Grantees use BEDI funds to redevelop brownfields, commercial or industrial sites that are left abandoned with real or potential environmental contamination. BEDI grants often serve as extra security for large-scale Section 108 projects. Similar to Section 108, eligible grantees include only CDBG recipients. Eligible projects must meet one of the National Objectives outlined under the CDBG program.

Although the end outcome of economic development is the same, BEDI and Section 108 were strategically created to serve two different purposes in that BEDI is restricted exclusively to brownfields while Section 108 is not. Also, BEDI is a grant program created to provide extra security for large-scale Section 108 projects, so the program is meant to complement Section 108, not duplicate it. Therefore, it is more suitable to say these programs are complementary of one another. In fact, 27 percent of survey respondents[40] used a BEDI grant with their Section 108 financial package.

However, HUD concluded that because the BEDI program is very small, having an average grant size of $1.1 million, local governments have access to other public and private funds to carry out BEDI objectives. Therefore, HUD proposed to terminate the BEDI program in its 2012 budget both because its purposes are served through larger and more flexible federal programs and to reduce the administrative workload associated with managing "a small and duplicative program."

[40] Survey respondents were not asked if they used BEDI grants. Data was provided in HUD administrative data.

HUD's Economic Development Initiative (EDI). Funded and administered by HUD, the EDI program is used in conjunction with Section 108 loan guarantees and must meet one of the CDBG program's National Objectives.[41] What is unique about EDI is that the grants were intended for a special purpose, to make large-scale projects more feasible by ensuring that Section 108 guaranteed loans were further secured. The only difference between EDI and BEDI grants is that grantees may use the former for any type of building structure and the latter solely to redevelop brownfields. About one in 10 Web survey respondents used an EDI grant in conjunction with their Section 108 loan guarantee.[42]

HUD's HOME Investment Partnerships Program. Administered by HUD, the HOME program provides affordable housing to very low- and low-income households. It seeks to expand the capacity of nonprofit housing providers, as well as to support planning and implementation of state and local government affordable housing strategies. For individual cities and counties to be eligible for HOME, their CDBG allocation must be equal to or greater than the minimum threshold of $750,000. If an individual city or county cannot meet that threshold, it can become part of a consortium in a legally binding agreement with contiguous jurisdictions.[43] The consortium must have a combined CDBG allocation equal to or greater than $750,000.

The HOME program allocates funds based on a formula that reflects annual housing needs of participating jurisdictions, which, in turn, must set aside a minimum of 15 percent of their annual allocation for activities undertaken by qualified Community Housing Development Organizations (CHDOs), or nonprofit housing providers. Participating jurisdictions may use the remaining 85 percent of their allocation for project grants, direct loans, loan guarantees or other forms of credit enhancement, or rental assistance or security deposits tailored to the needs of the community. Participating jurisdictions may choose to purchase, build, or rehabilitate new or existing housing for affordable rental or ownership purposes or to directly provide some form of rental assistance to low-income individuals. Participating jurisdictions may also use HOME funds for site acquisition or improvement, demolition of dilapidated housing, or relocation expenses for residents displaced by demolition or rehabilitation efforts.

HOME is restricted to housing projects. Consequently, participating jurisdictions cannot use HOME to fund many of the kinds of projects that Section 108 often funds, including development of public facilities and support of economic development activities. Also, while grantees must apply for Section 108 loans, HOME is a formula-driven program for which all participating jurisdictions automatically qualify. Finally, under HOME, there is a 25-percent funds matching requirement, in contrast to Section 108, which mandates a pledge of up to five times the recipient's CDBG allocation as security on its loan guarantee. Some communities use the two programs in combination. Twelve percent of survey respondents have utilized HOME funds in conjunction with Section 108 loan guarantees.

Department of Interior and Internal Revenue Service Historic Tax Credit (HTC)/Rehabilitation Tax Credit (RTC). Jointly administered by the National Park Service of the Department of Interior and the Internal Revenue Service (IRS), the primary goal of the HTC program is to "encourage the rehabilitation of historic buildings….and to attract new private capital in some of the nation's historic city cores and Main Street towns."[44] For property owners to participate in the program, they must complete a three-part historic preservation certification application, and their buildings must first be certified and listed in the National Register of Historic Places. Upon certification approval, property owners receive tax credits worth up to 20 percent of qualified renovation expenditures.[45] Qualified expenditures include the costs of rehabilitating walls, partitions,

[41] HUD has not funded competitive EDI projects since 2000. Since that time, the label "EDI" has been applied to earmarked funding.

[42] Survey respondents were not asked if they used EDI grants. Data was provided in HUD administrative data.

[43] In the event that the jurisdiction has a CDBG allocation of less than $750,000, the jurisdiction can also qualify for HOME funds if: (1) it has a "local PHA that has demonstrated a capacity to carry out the provisions of this part, as evidenced by satisfactory performance under one or more HUD-administered programs that provide assistance for activities comparable to the eligible activities under this part, and (2) the state has authorized HUD to transfer to the unit of general local government a portion of the state's allocation or the state, the unit of general local government, or both, has made available its own resources such that the sum of the amounts transferred or made available are equal to or greater than the difference between the unit of general local government's formula allocation and $750,000" (24 CFR Part 92).

[44] Comptroller of the Currency, 2009.

[45] Upon completion of a project, the property owner must hold the building for 5 full years to realize the full 20-percent tax credit. If the owner elects to sell the property before that period ends, the owner must pay back part or all the credit, depending on how long the owner held the property.

floors, ceilings, windows, doors, air conditioning/heating systems, plumbing and plumbing fixtures, and other related building construction costs.[46] Expenses related to the acquisition or furnishing of the building, new additions, new construction, parking lots, sidewalks, landscaping, or other related facilities are not eligible for HTCs. Commercial, industrial, agricultural, or rental properties are eligible for HTCs, but a property owner's private residence is prohibited. All submitted projects must conform to the Secretary of the Interior's Standards for Rehabilitation and the IRS's tax requirements.[47] If developers of HTC projects cannot directly use the tax credits, they can sell the credits to third parties to raise funds for the project.

The HTC program has many unique program eligibility features that distinguish it from Section 108, the most obvious being that it is a tax credit rather than loan guarantee program. Clearly, these programs do not completely overlap but, instead, complement one another. Fourteen percent of Web survey respondents used HTC in conjunction with a Section 108 project. Several site visited grantees explained that they had used the two programs in conjunction with one another to make their projects more viable and attractive to private investors.[48]

IRS Low Income Housing Tax Credit (LIHTC) Program. Administered by the IRS, the LIHTC program channels federal tax credits to private investors who invest in the development of affordable rental housing. The IRS annually allocates the tax credits to state housing finance agencies (HFAs), which have up to two years to award them to developers who apply on a competitive process.[49] State HFAs establish objectives for their jurisdictions, review proposals from both for-profit and nonprofit developers, and monitor the reasonableness of project costs and compliance. They are also responsible for ensuring that projects receive only the number of tax credits necessary to make their projects feasible. The developers who receive the tax credits sell them to investors to raise capital (or equity) for their projects. As a result, developers reduce the debt required to build the housing and, therefore, lower their costs in order to be able to charge more affordable rents. To determine whether a project is eligible for tax credits under the LIHTC program, the proposed project must meet four requirements: it must be residential, commit to one of two possible low-income occupancy threshold requirements,[50] restrict rents in low-income units (including utility charges), and operate under the rent and income restrictions for a fixed time period—generally 30 years or longer.[51]

LIHTC is distinct from Section 108 in that it is a tax credit program restricted to housing development. The two programs are sometimes used in conjunction with one another. Nearly eight percent of survey respondents indicated that they had used both LIHTC and Section 108 in the same project.

Department of the Treasury's New Markets Tax Credit (NMTC) Program. Administered by the Department of the Treasury's Community Development Financial Institutions (CDFI) Fund, the NMTC program provides incentives for private capital to flow to businesses or organizations situated in low-income, economically distressed communities that otherwise lack financing for community or economic development. Projects involve at least three types of participants: Community Development Entities, corporate or individual investors, and recipients of the investments (Qualified Active Low Income Community Businesses, QALICBs).[52] The program works by providing federal tax credits to CDEs that, in turn, sell them to corporations or individuals in exchange for equity into a particular project. The proceeds are used to support debt or equity investments in QALICBs. QALICBs, which

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46 Comptroller of the Currency, 2009.

47 For a list of these standards, see http://www.nps.gov/history/hps/tps/tax/rehabstandards.htm (accessed July 18, 2011).

48 This also includes state HTCs.

49 In the event that states do not allocate their tax credits after 2 years, those credits are returned to a national pool for re-allocation.

50 Occupancy Threshold requirements: (1) 20-50 Rule: At least 20 percent of the units must be rent restricted and occupied by households with incomes at or below 50 percent of the HUD-determined area median income, or (2) 40-60 Rule: At least 40 percent of the units must be rent restricted and occupied by households with incomes at or below 60 percent of the HUD-determined area median income.

51 Some states require a longer affordability period for all LIHTC properties and other states may negotiate longer affordability periods on a property-specific basis.

52 QALICBs may be pre-existing or newly established businesses or organizations in which (1) at least 50 percent of the total gross income is from the active conduct of a qualified business in low-income communities, (2) at least 40 percent of the use of tangible property of the business is within low-income communities, (3) at least 40 percent of the services performed by the businesses' employees are performed in low-income communities, (4) less than 5 percent of the average of the aggregate adjusted basis of the property is attributable to collectibles (e.g., art and antiques) other than those held for sale in the ordinary course of business (e.g., inventory), and (5) less than 5 percent of the average of the aggregate unadjusted basis of the property is attributable to nonqualified financial property (e.g., debt instruments with a term in excess of 18 months).

can be either for-profit or nonprofit organizations, undertake the projects using CDE investments and, oftentimes, capital from other sources.

NMTCs have been used to fund a wide range of purposes, including the following:

- Development of restaurants, hotels, food services, or other retail space.
- Financial, professional, scientific, management, business, or other office space.
- Industrial, manufacturing, transportation logistics, or warehousing space.
- Housing.[53]
- Health, human, and social service facilities.
- Educational and community facilities.
- Facilities or space for the performing arts, cultural, entertainment, or other amenities.

In addition, QALICBs have used NMTC funds to finance business operations (e.g., start-up, working capital, equipment). NMTC funds cannot be used with projects that are already subsidized by other federal tax programs, with the exception of HTCs and non-tax-based federal economic development incentives. The CDFI Fund competitively awards allocations of tax credits to Community Development Entities annually. Those awardees have five years to use or sell the tax credits.

Based on site visit interviews, grantees often consider the NMTC program as an alternative financing vehicle to Section 108, largely because the two programs support a wide range and similar types of projects involving community and economic development, public facilities, and housing. However, depending on the project, there can be advantages to one or the other program. For one of its projects, a grantee in the Boston region considered using Section 108 to develop one building in a complex located in a low-income census tract where most of the other buildings had been rehabilitated in conjunction with Section 108. The grantee planned to develop the particular building as a higher-end residential condominium, for which it could not use Section 108. Consequently, the grantee used NMTCs. In other instances, Section 108 grantees used the two programs in conjunction with one another. Nine percent of survey respondents pooled both NMTC and Section 108 funds in the same project. Some grantees indicated that this combination made their projects more viable and attractive for leveraging additional private financing in locations that are perceived to be higher risk from an investment perspective.

Department of Health and Human Services' Community Services Block Grant (CSBG) Program. Administered by the Department of Health and Human Services (HHS), the CSBG program provides funding to states, tribes, the District of Columbia, the Commonwealth of Puerto Rico, and the U.S. Territories, which, in turn, subcontract to Community Action Agencies and locally based community organizations to support programs that reduce poverty, revitalize low-income communities, and empower low-income families and individuals to become fully self-sufficient. Such programs address problems related to employment, education, income management, housing, nutrition, emergency services, and health. States and tribes must submit annual applications with specified assurances that are mandated by the CSBG Act. State Offices of Community Services work together with local CSBG service providers primarily to prepare annual State Plans, which describe how the state will carry out the assurances.

CSBG a grant program that strictly provides services and activities, while Section 108 is a loan guarantee program open to housing, public facilities, and economic development projects. According to HUD field office staff members in the West, Section 108 is perceived to be more flexible than CSBG, which is perceived as more restrictive.

EDA's Grants for Public and Economic Development Facilities. Administered by the EDA, the Public Works and Economic Development Facilities Grants Program is intended to do the following:

- Revitalize and upgrade physical infrastructure (such as water and sewer systems, industrial access roads, industrial and business parks, port facilities, railroad sidings, distance learning facilities, skill-training facilities, and business incubator facilities).
- Redevelop brownfields or eco-industrial facilities and telecommunication infrastructure.

[53] Housing is an eligible activity only as a part of a mixed-use development where the housing units comprise less than 80 percent of gross rental income.

- Attract new industry.
- Encourage business expansion.
- Diversify local economies in order to generate or retain long-term private-sector jobs and investments.

To be funded, a project must be located in a region that meets one or more of the economic distress criteria set out in the program's regulations.[54] These include high unemployment, low per-capita income, outmigration, underemployment or a special need, as determined by EDA. Proposals are accepted from state and local public and nonprofit organizations but not from individuals or companies, corporations, or associations organized for profit. In general, the program requires 50-percent matching from applicant organizations.

One of the grantees in the Midwest said that it looks at the Public and Economic Development Facilities program as "alternative funding." Another grantee in the Northeast argued that the EDA program does not always have the capacity to support specific types of large-scale projects, as compared to Section 108. For example, the grantee shared that it was contemplating a public works project for which EDA was willing to provide up to $2 million, which was not enough to support the project. As a result, the grantee used Section 108 to support the entire public works project. This example is an illustration of how the programs support similar projects, but how the financial capacity is different from program to program.

Tax Increment Financing (TIF) and Bond Financing. TIF is a method, employed by various cities and states nationwide, that creates funding for public projects by borrowing against future property tax revenues. Jurisdictions use the increases in future tax revenue, referred to as the "tax increment," from development projects that have increased site value and investment. TIF is generally used for projects in distressed or underdeveloped areas where development may be unaffordable and therefore might not otherwise occur.

Cities, counties, states, or their agencies issue municipal bonds to raise funds to finance public infrastructure, which may include public housing, sewer and water systems, streets, schools, utilities, and other community and economic development projects. Bonds are often restricted to certain uses, such as ongoing operations and maintenance expenses to the purchase of single- or multi-family home mortgages. Bond measures, which are initiatives to sell bonds to raise funds for public works projects, may be proposed by jurisdictions. These measures are voted upon in general elections and there must be a majority vote to approve projects. The terms of municipal bonds vary from one jurisdiction to another and have either a fixed or variable interest rate.

According to one Section 108 grantee in California, bond financing can have the flexibility of Section 108, depending on how the bond approval legislation is written. Apart from flexibility, however, there is the issue of whether a grantee can obtain local public support for bond financing, which apparently is less of an issue with respect to Section 108. For example, one Section 108 grantee in Pennsylvania reported that if its community is unable to secure a Section 108 loan guarantee, it would seek bond financing as an alternative, but the public would restrict the types of projects that would be approved. The grantee believed the jurisdiction would quickly approve financing for certain types of projects but make it very difficult to approve financing for others. In general, when asked to identify the reason(s) they used Section 108, 32 percent of survey respondents reported that they used it because they did not want to raise debt or issue bonds for a particular project.

Community Perspectives on Why Section 108 Is Used, or Not Used, for Community and Economic Development Projects

The study team inquired of Section 108 grantees as well as field office staff members involved with the program as to its advantages and disadvantages compared to other community and economic development programs. Interestingly, a number of them expressed surprise that the issue of program overlap, uniqueness, or complementarity was even being raised. One field office staff member, for example, opined that Section 108 served a very useful purpose, is a "unique" resource for economic development, and requires prospective grantees to certify that Section 108 funds are not replacing any other funds. More broadly, however, field office staff members and grantees reported both negative and positive aspects to Section 108.

[54] 13 CFR 301.8.

On the negative side, several field office staff members as well as Section 108 grantees noted that program usage is sometimes dampened (and subsequent usage discouraged) as a result of the program's very complex underwriting process. This is especially the case for small cities without a strong tax base that struggle with economic development capacity issues. According to field office staff members, many smaller communities considering using the program require considerable attention and guidance. A grantee in the Pacific Northwest reported that if his community had the opportunity to do its Section 108 loan guarantee over again, it likely would not have done so because the planning process was too complicated, particularly with respect to structuring the repayment. Instead, the community probably would have pushed for a local bond issue.

Given underwriting complexity and any other issues grantees may have had with their Section 108 loan guarantees, not all of them would consider additional use of the program. Most would, however; 72 percent of those responding to the Web survey said their jurisdiction would consider using Section 108 again.

What value did these grantees see in the program? In some instances, communities chose to use Section 108 because of the undesirability of other financing sources. For example, 32 percent of those responding to the Web survey reported their communities did not want to increase debt or issue bonds for their projects.[55] Section 108, therefore, provides relative advantage. Other grantees, however, found additional value in the program: 74 percent said it was cost effective to borrow in conjunction with Section 108; 64 percent said funds were not available from any other source; 58 percent said Section 108 allowed them to borrow a large amount of funds; and 53 percent said Section 108 was a catalyst for obtaining other federal, state, or private financing. These responses, in conjunction with information obtained during interviews conducted on site, suggest the following range of reasons grantees valued Section 108:[56]

[55] Grantees were asked, "Did your jurisdiction choose to use Section 108 for any of the following reasons?" Respondents could provide multiple "yes" answers to the following reasons: (a) Section 108 funds were cost effective/low cost to borrow;(b) funds were not available from any other source; (c) Section 108 allowed us to borrow a large amount of funds; (d) Section 108 was a catalyst for obtaining other federal, state or private funds; and (e) we did not want to raise debt/issue bonds for this project. The percentages noted in this paragraph are based on 118 respondents. Those who did not answer affirmatively either said "no" or did not answer the question.

- **Section 108 supports large-scale projects.** A number of persons interviewed emphasized that Section 108 supported large-scale projects that other federal, state, and local programs were unable to support. For example, one field office representative in California said Section 108 was the only program that funds large projects and leverages block grant funds: "How can a city with a $400,000 block grant do anything large?" Another grantee in the Pacific Northwest reported that Section 108 allowed for a large amount of funding to be applied efficiently based on a community's specific needs. Finally, another grantee in Pennsylvania argued that alternative funding streams, such as the EDA, cannot always support certain types of large-scale projects, as discussed previously.

- **Section 108 is flexible and broad in terms of supporting a wide range of activities.** A handful of grantees said they turned to Section 108 because of its flexibility. For example, a grantee in the West reported that Section 108 was valuable because it supported a wide spectrum of economic development, community development, housing, and public facilities projects of high priority to the community. One Midwestern grantee noted that it had looked into an EDA program and discovered it restricted its funds to support operating subsidies so they turned to Section 108, which did not have this restriction. Another Midwestern grantee indicated they preferred flexible programs like Section 108 because staff members believed them to be more appropriate for meeting local funding circumstances; limited-purpose programs, on the other hand, were often highly competitive and had rigid application schedules that complicated timely project financing.

- **Section 108 helps grantees get over initial difficulties in the early financing stages.** HUD field office staff members and grantees at numerous sites discussed how securing a Section108 loan guarantee in the early stages of seeking financing allowed the jurisdictions to get over initial hurdles and leverage other federal, state, or local funds. Representatives of several jurisdictions indicated that Section 108 supported projects that developers and investors were not initially interested in unless

[56] Chapter 4 revisits this issue to further illustrate why Section 108 seems to be important to grantees in order to achieve outcomes and why some continue to elect to use it for community development purposes.

other financing had been secured first. In such circumstances, Section 108 was viewed as "seed money" that attracted both private and public funds.

- **Section 108 has a unique repayment structure.** Several grantees and field office staff members mentioned that Section 108's repayment structure distinguished it from other federal programs. One field office representative, for example, mentioned that the ability to use CDBG funds for repayment is not present in any other government program. A grantee in the Northeast reported trying to use bank financing for a particular project only to learn that CDBG was ineligible for use as a repayment source. As a result, the grantee went with a Section 108 loan guarantee and used CDBG funds for loan repayment. At a different site in the same region, interviewees explained that they had sought TIF and other sources of financing but found Section 108 to be less costly and the repayment terms easier and more flexible. They added that, in general, cities resolve to use Section 108 because they do not want to use any more tax money to repay their loan, which is generally required for alternative sources to Section 108.

- **Section 108 has low interest rates and low cost subordinated debt.** A sizeable share of grantees indicated that the low interest rates associated with Section 108 loan guarantees made the program both attractive and more advantageous than other financing sources.

- **Section 108 supports riskier projects.** Several field office representatives and grantees reported that the Section 108 program is distinctive compared to other federal programs because it allows local governments to take on riskier projects. At one New England site, for example, a grantee said that with Section 108 the jurisdiction had been able to undertake projects that were relatively speculative or that, for whatever reason, were not acceptable to private commercial lenders, yet sometimes riskier projects were necessary for successful economic development. In the eyes of this grantee, EDA only funded relatively safe projects and the best time to contact EDA was after land acquisition and clearance had occurred.

- **Section 108 supports projects where state and local funding is restrictive and scarce.** Numerous grantees and field office staff members considered Section 108 to be "seed money" (i.e., a jump-starter for private sector investment) or a gap-financing tool. Examples are as follows:

  ◊ City officials at one Northeastern site described how Section 108 filled a financing gap that the local jurisdiction would not support. For one project, in particular, a jurisdiction wanted to build a park but did not have sufficient support through the city's general fund. Because this was a public works project that would not generate income, there was no repayment potential. The grantee's representative added that cities with difficult financial situations may sometimes need a tool such as Section 108 to be able to finance economic and community development since it is not dependent on a city's bond rating.

  ◊ In another case, a New England state had very limited economic development funding so it relied heavily on Section 108 to support is economic development activities. The program allowed its local jurisdictions to step in where private capital would not.

  ◊ At yet another site, county officials in Pennsylvania said that a certain project they were hoping to fund, which required $10 million, was too speculative for the community's general fund. Therefore, they were unable to secure local financing other than to apply for a Section 108 loan guarantee.

  ◊ Field office staff members in the West described how the economic downturn had caused cutbacks in funding by the state and private foundations. This had made Section 108 even more important than ever.

  ◊ Finally, for another jurisdiction in California, city officials described how they sought state funding. Even though the state was interested in the project, it did not want to provide more than $1 million for a project that required $1.5 million.

Other reasons grantees used Section 108 and preferred it to other federal programs were that, in their estimation: the public benefits derived from the program far outweighed program costs; use of the program involved "the community's money" since the loan was guaranteed by (or could be repaid with) CDBG funds; and, if structured "correctly," the community does not risk foregoing future CDBG funds.

In sum, the community perspective on Section 108 is not that it duplicates other programs but instead that it contributes some unique aspects to a community's capacity to undertake community and economic development projects and, in many instances, nicely complements other programs and funding sources to make such projects feasible.

Potential Risk Associated with Providing 100-Percent Guaranteed Loans

According to OMB's PART evaluation, the Section 108 Guarantee program "has some inherent weaknesses relative to better designed credit loan guarantee programs" because it pledges CDBG grant allocations. Since the grants are federal dollars, the government bears 100 percent of any losses. In essence, the federal government pledges to purchase the unpaid loan from the bank or lending institution in the event a borrower fails to pay. Private lenders do not share the risks of loss from default, presumably encouraging riskier investment.

HUD provides Section 108 loan funding through the sale of bonds to private investors. To protect the bondholders' investment, communities pledge to HUD a portion of their annual CDBG allocation as a guaranteed source of loan repayment. HUD also requires additional security/collateral from local non-CDBG sources. Under the structure of the Section 108 program, an eligible grantee borrows funds from a pre-selected lender. HUD generally refers to this type of transaction as Level #1. HUD usually combines all of the Section 108 loans closed annually into one public offering, which controls the costs of issuance.[57] The grantee can either initiate one of several eligible activities or relend the proceeds to third parties, such as developers or entrepreneurs undertaking eligible activities. The relending is a separate loan, generally referred to as a Level #2 transaction. HUD's 100-percent full faith and credit guarantee applies only to Level #1 transactions. If a grantee re-lends its Section 108 funds, HUD's 100-percent full faith and credit guarantee does not apply to this Level #2 transaction.[58] (See Table 19).

In traditional governmental guarantee programs, private lenders (both regulated and unregulated) originate loans that a governmental agency guarantees against loss. This is analogous to a Level #2 transaction. The loss is generally "shared" in proportion to the percentage of guarantee. For example, a lender makes a $1 million loan with a 90-percent loan guarantee. Upon default, foreclosure, and liquidation of specific liens and deficiency judgments, there is a 60-percent recovery, resulting in a 40-percent loss ($400,000). The guarantor would assume $360,000 of the loss, while the originating lender would incur $40,000. Once the loan is made and the guarantee is in force, the originating lender may elect to sell the guaranteed portion. If the lender keeps the loan in its portfolio, then the guaranteed portion assumes the nature of a government security on the lender's balance sheet.

Table 19. Section 108 Level #1 and #2 Transactions

Type of Transaction	Borrower	Lender	100% Full Faith & Credit Guarantee?
Level #1	Grantee	Private Investor	Yes
Level #2	Third-party	Grantee	No

[57] Some loans that are originated during the year are made by the Section 108 interim lender and might not be included in the subsequent public offering.
[58] For Level #1 transactions, communities borrow from investors via notes; for Level #2 transactions, communities undertake activities or re-lend the funds.

OMB evaluations consistently refer to the Section 108 program as one in which private investors have no risk because there is a 100-percent HUD guarantee (see Table 19), which implies that private investors in conventional transactions incur greater risk. Furthermore, OMB evaluations compare the Section 108 program to traditional lender guarantee programs, such as SBA's 7(a) program, in which private lenders originate loans with a federal guarantee of up to 90 percent. Since the 90-percent guarantee is less than 100 percent, OMB inappropriately concluded the Section 108 guarantee is inefficient and exposes the federal government to excessive risk. A simple example of a transaction shows this is not the case. Consequently, OMB is confusing Level # 1 with Level # 2.

Comparison of Typical Conventional and Section 108 Transactions

To illustrate the point, we will examine a typical Section 108 project under both conventional financing and a Section 108 structure. Assume an existing business within a Section 108 eligible community wishes to expand its facility. The hypothetical project cost is $3 million and consists of 30,000 square feet ($100 per square foot). Assume underwriting guidelines for both options as roughly equivalent.

Conventional Loan. If the business's bank is currently making commercial real estate loans,[59] probable terms include the following:

- Maximum loan at 80 percent of current value.[60]
- Floating interest rate based on an index (such as prime or London Interbank Offered Rate (LIBOR).
- Amortization schedule not exceeding 15 years, with a maturity of five to 10 years.

In general, banks make money by borrowing relatively short-term deposits (such as checking accounts and certificates of deposit) at a low interest rate and relending the proceeds at a higher interest rate (usually a spread of three to four percent over cost of funds). As with Section 108 loans, shown in Table 19, there are two levels to this process. At Level #1, a private investor lends funds to the bank through a short-term deposit. His deposit carries a relatively low interest rate (reflecting low risk), and the Federal Deposit Insurance Corporation (FDIC) currently insures deposits up to $250,000. Effectively, he has extremely limited risk and can demand payment at par when the deposit reaches maturity even if: the bank has loaned the funds to our hypothetical company for a longer term, the company defaults and a foreclosure proceeding results in no recovery upon liquidation (a total loss), or the bank fails.[61]

At Level #2, the bank makes a loan to the company. If the company defaults, the bank has recourse to any specific liens, such as mortgages, deeds of trust, Uniform Commercial Code (UCC) filings, security agreements, or chattel mortgages. If a shortfall exists after liquidation of specific liens, the bank can pursue a deficiency judgment and call general liens, such as corporate and personal guarantees. After exhausting all lines of security, any resulting loss is the responsibility of the bank. The private investor is indemnified and held harmless of risk. In effect, he has a 100-percent full faith and credit guarantee up to $250,000.

Hypothetical Loan Transaction. Suppose that the hypothetical transaction is a special economic development activity that triggers the public benefit test (generally one new job per $35,000 of assistance). Assuming cost equals value ($3 million), the maximum Section 108 loan is $2.4 million with minimum creation of 69 new jobs. Of the new jobs, the grantee must document that 51 percent are held by, or available to, low- and moderate-income citizens. Since the loan will fund construction exceeding $2,000, the project must also conform to Davis-Bacon wage rates.[62] Moreover, other federal regulations may also apply. Since the security (real property) has an economic life of approximately 40 years, the grantee loans the funds for the maximum term of 20 years. The interest rate is primarily fixed. Frequently, grantees add a spread of 0.5 percent to

[59] Many institutions have significantly reduced their real estate portfolio for multiple reasons since the financial crisis of fall of 2008.

[60] Eighty percent Loan to Value is an established criterion in normalized markets. Currently, many financial institutions are increasing reserves, reducing loan volume and imposing more stringent credit thresholds than normal, i.e., a lower loan-to value limit is probably being used by most private lenders.

[61] If the certificate of deposit is liquidated before maturity, the investor may incur a loss usually equal to 3 to 6 months of interest.

[62] Section 108 must conform to labor standards (Davis-Bacon ACT) provisions. Specifically construction work financed wholly or in part must be paid wages at rates not less than those prevailing on similar construction in the locality in accordance with the Davis-Bacon Act and assistance to pay the interest charged to reduce the interest rate on a construction loan.

1.0 percent over cost of funds (Level #1 interest rate to grantee) to cover future losses.

In Level #1 of a Section 108 structure, private investors lend funds to the grantee via the public offering. Like the depositors in the conventional loan, they incur extremely limited risk, the difference being that HUD guarantees the loan instead of the FDIC. Unlike the depositors in the conventional loan, however, the investors cannot call the deposit prior to maturity, and the uses of funds are matched perfectly to the sources.

The grantee functions as the bank in the Level #2 phase. The grantee takes the proceeds from the public offering and relends them to the hypothetical company. If the company defaults, the grantee liquidates the specific and general liens. If a loss results, it is the sole liability of the grantee. Accordingly, the conventional loan and Section 108 structure are equivalent. Private investors providing the Level #1 source of funds are indemnified and held harmless from risk via a 100-percent guarantee. The entities making the Level #2 loan (bank or grantee) incur all of the risk.

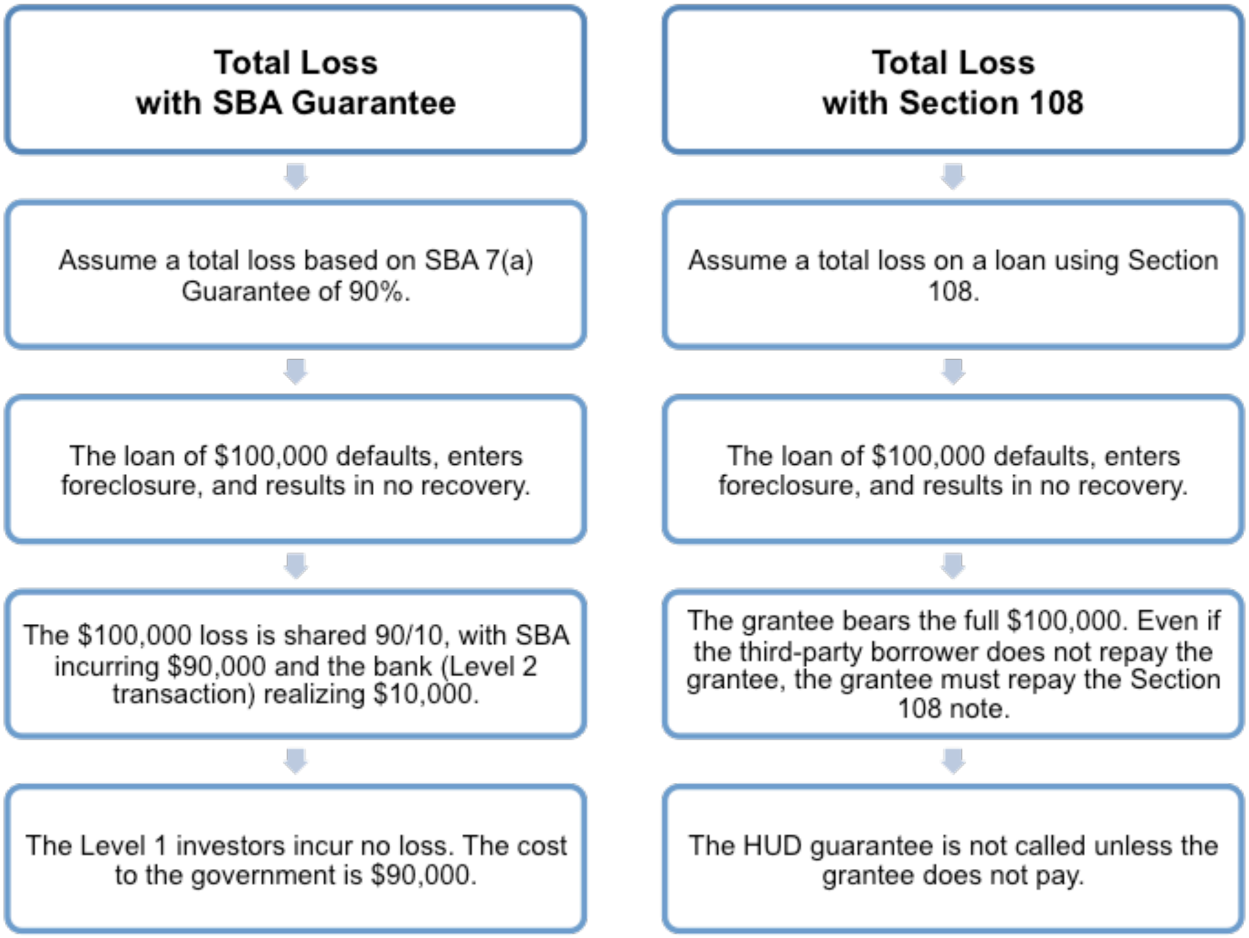
Some of the OMB references compare the Section 108 program to traditional small business guarantee programs such as the SBA 7(a) program. Established by the Small Business Act of 1953, the SBA 7(a) program provides a shared risk guarantee of up to 90 percent for loans originated by both regulated and unregulated lenders. For example, if a bank initiated a loan of $100,000 and received a 90-percent guarantee from SBA, the bank's maximum exposure is $10,000. The guarantee is applied to the net loss that the lender incurs after recovery of all specific and general liens.

Since the SBA 7(a) guarantee is less than 100 percent, one could erroneously conclude that it is more efficient than the 100-percent guarantee related to the Section 108 program. Such a conclusion overlooks the key fact that the SBA 7(a) guarantee applies to the Level #2 transaction (bank to third-party borrower) rather than to the private sources of funds (depositor/investors in Level #1).

HUD's 100-percent guarantee of Section 108 loans applies to the Level #1 transaction. The grantee's maximum exposure is 100 percent of the loan amount, and the HUD guarantee is not called unless the grantee does not pay. As part of the Section 108 application process, grantees must identify appropriate collateral to cover 100 percent of the loan amount. A key role of the field office and Headquarters is to evaluate and approve this collateral. Examples of this collateral include property, future CDBG funds, city general funds, and city-owned assets. Even if a project fails or goes bankrupt, the grantee will repay the private investors using funds identified in the Section 108 application. Although a number of projects have failed or gone bankrupt, HUD has never had to invoke its 100-percent guarantee. (See Figure 2.)

HUD has never had to invoke its full faith and credit guarantee, nor has it been forced to outlay any of the "credit subsidy" it obligates each year to reserve for future losses. The cost to the federal government to date is $0. Moreover, in the example, the grantee will not make the Section 108 loan unless the business provides compelling evidence that it will create 69 new jobs. Furthermore, the business avoids the credit risks associated with the conventional financing and is able to reduce payments via the extended maturity (20 years) related to the Section 108 program.

Figure 2. Comparison of Total Loss on a $100,000 Loan



Chapter Summary

Regarding OMB's concerns about program redundancy or duplication, the program descriptions and grantee and field office perspectives presented in this report suggest the following: Section 108 does not duplicate (i.e., completely overlap) other community and economic development funding sources; while it is not completely unique, it does have some unique features; and in many instances, it is used in conjunction with and complements other programs to achieve desired community and economic development objectives.

Likewise, regarding OMB's concerns about the Section 108 program's 100-percent loan guarantee feature, the study did not find compelling evidence to support the theory that Section 108 has inherent weaknesses relative to better designed credit programs. The grantee bears 100 percent of losses, and the HUD guarantee is not called unless the grantee does not pay. HUD has never had to invoke its full faith and credit guarantee, nor has it utilized the "credit subsidy" it funds each year to reserve for future losses.

Chapter 4: Program Outcomes

The Section 108 program helps communities pursue physical and economic revitalization projects that contribute to neighborhood renewal. This chapter describes the results of a survey sent to grantees overseeing Section 108 projects funded from FY 2002 through FY 2007. The results are interpreted from the opinions and facts provided by grantees during a two-month period from December 2010 through February 2011 and from interviews conducted during site visits with HUD field office staff members and grantees in five HUD regions, including field offices in Philadelphia, Oklahoma, Seattle, Los Angeles, San Diego, and Boston. This chapter attempts to shed light on the concerns expressed by OMB in its 2007 PART assessment, in which OMB categorized the program as not having long-term-outcome performance measures or results beyond job creation.[63]

Monitoring and Reporting

Congress and OMB have long been interested in the reporting of actual performance data regarding Section 108.[64] According to the 2007 PART evaluation, the Section 108 Program lacks "a standard procedure for grantees to measure the extent of achievement, either across broad activity levels or in general."

Currently, HUD uses three main documents to measure economic development accomplishments and outcomes: (1) the Strategic Plan, which identifies the Department's core goals and provides the framework for program operation; (2) the Annual Performance Plan, which provides outcome targets; and (3) the Implementation Plan, which aligns strategies with the programs that contribute to the achievement of each key outcome measure.

According to HUD's FY 2010–15 Strategic Plan, the Section 108 program aligns with Goal 2 (Meet the Need for Quality Affordable Rental Homes) by expanding the supply of affordable rental homes where they are most needed, and Goal 4 (Build Inclusive and Sustainable Communities Free from Discrimination) by catalyzing economic development and job creation while enhancing and preserving community assets.[65]

The HUD field offices that were visited for this report noted two principal means of gathering data and evaluating a grantee's performance: the Consolidated Annual Performance and Evaluation Report (CAPER) and the Integrated Disbursement and Information System (IDIS).[66] However, currently HUD is limited in assessing the totality of Section 108 program performance. IDIS does not appear to provide for reporting on Section 108 activities and accomplishments. Program office staff members informed the team that they are working to remedy this situation and include Section 108 accomplishment reporting in IDIS.

[63] This chapter is devoted to outcomes and project outcome reporting. The chapter does not intend to address any aspect of reporting regarding financial information. According to the Financial Management Division, HUD collects and maintains all relevant financial information to accurately account for the loans guaranteed under Section 108. The financial data is not part of the administrative data the study team examined.

[64] See http://www.whitehouse.gov/omb/expectmore/detail/10009066.2007.html and http://www.whitehouse.gov/sites/default/files/omb/assets/a11_current_year/s230.pdf (both accessed on July 13, 2011).

[65] FY 2010–15 HUD Strategic Plan. See http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_4446.pdf (accessed on July 13, 2011).

[66] IDIS is the management information system used for all four CPD formula programs: CDBG, the HOME Investment Partnerships program, Emergency Shelter Grants (ESG), and Housing Opportunities for Persons with AIDS (HOPWA). This reporting system allows grantees in the four CPD formula grant programs to provide HUD with performance results related to their Consolidated Plan and Annual Action Plans. Grantees also use IDIS for Recovery Act programs: CDBG-R, TCAP and HPRP. See: http://www.hud.gov/offices/cpd/systems/idis/reporting/. Chapter 5 includes an explanation of how IDIS can be used.

In October 2002, the Office of Community Planning and Development's (CPD) Deputy Assistant Secretary for Grant Programs sent a memorandum to all field office CPD Directors advising them of the requirement to report actual performance data.[67] This request arose from OMB's interest in capturing performance data, with regard to the Government Performance and Results Act and the Annual Performance Plan, on the Section 108 program and corresponding EDI and BEDI programs. This memorandum provided the field offices with an Excel sheet (based on IDIS screens), entitled "Section 108 Loan Guarantee Accomplishments Report," for use in capturing the program's accomplishments on an annual basis, as required. In addition, CPD issued the Grantee Monitoring Handbook, which describes the programs and technical functions for which field offices have monitoring responsibilities.[68] The study team did not see any evidence that the field offices used the Excel sheet to report accomplishments. The study team did learn that to the extent possible given field resources, the field offices used the procedures in the handbook to monitor Section 108 projects. (These issues are discussed further in the following section.)

The grantees surveyed and visited for this study addressed the issue of reporting. In the survey, nine grantees acknowledged tracking outcomes once they met their goals. One grantee near Philadelphia said, "There is no final Section 108 project report once the loan is repaid or closed out." The Section 108 program is administered as a part of the CDBG program, which has no close-out procedure for an entitlement recipient as long as CDBG funding continues. A grantee in California developed a closeout report that could be easily adapted for all Section 108 grantees to use. (See Appendix B.)

[67] See http://www.hud.gov/offices/cpd/about/conplan/pdf/108accomplishmentsmemo.pdf (accessed on July 13, 2011).

[68] The requirements for reporting annual performance are implemented in the CDBG regulations at 24 CFR 570.507–Reports (for metropolitan city and urban county grantees) and 24 CFR 570.491–Performance and Evaluation Report (for state grantees). These requirements are further defined in the Consolidated Plan regulations at 24 CFR 91.520–Performance Reports. Grantees must submit the CAPER to the appropriate CPD field office within 90 days after the close of the grantee's program year. For Section 108 Loan Guarantee Monitoring Guidance, see www.hud.gov/offices/cpd/library/monitoring/doc/5-1.doc (accessed on July 13, 2011) and http://www.hud.gov/offices/cpd/library/monitoring/handbook.cfm (accessed on July 13, 2011).

Management and Oversight of Section 108 Projects

As noted previously, one of the purposes of this study is to identify information (either available or attainable) on development activities being carried out as a result of the Section 108 program. The field offices that the study team visited provided most of the information regarding monitoring and oversight of grantees. Additional perspectives came from informal conversations with grantees that the study team visited and also from grantees the team contacted while verifying survey contact information. Staff members in the Boston, Oklahoma, Seattle, and Philadelphia field offices elaborated on the subject of oversight, monitoring, risk analysis, reporting and guidance provided to grantees in their respective regions. The following is a composite of their opinions.

Risk Analysis

Grantees and programs to be monitored in a given year are determined by an annual risk analysis, which considers the amount of HUD funds committed, time since the last monitoring, grantee capacity, and several other factors. HUD field offices conduct risk analyses for the CDBG, HOME, ESG, HOPWA, and other programs according to the procedures implemented by CPD to identify waste, fraud, abuse, or mismanagement. HUD's Office of Policy Development and Research (PD&R) conducted an analysis of the risk-based monitoring of formula grants to determine the effectiveness of the risk analysis process. The study found that, in general, grantees (particularly those in the CDBG and HOME programs) "that score high in the risk analysis process are significantly more likely to have 'findings' (statutory or regulatory violations) than those with low risk scores."[69] The risk analysis does not separate Section 108 from the CDBG program generally. One staff member said the field office uses the checklist from the Grantee Monitoring Handbook (which was developed for the CDBG program) to develop a regional Section 108 project risk matrix. Another field office staff member noted that its risk analysis module does not include a definitive mandate to monitor Section 108. The latter has plans to monitor one Section 108 grantee's CDBG program this summer and may formally monitor its Section 108 projects. If so, the field office staff

[69] See http://www.huduser.org/publications/pdf/risk_report.pdf (accessed on July 13, 2011).

will upload monitoring information into the Grants Management Process (GMP) Monitoring Module, an online system for electronic documentation of CPD monitoring results (see the following section for more information on GMP). Another field office staff member recommended that the risk analysis should separate Section 108 from CDBG. Currently, the risk assessment does not flag Section 108 for monitoring unless a separate grant is attached.

Internal Systems

HUD field office staff members have two separate GMP systems. GMP Legacy is the older of the two, and it is designed to track grants comprehensively throughout their life cycle. GMP Legacy is used to track/document Consolidated and Annual Plan reviews, technical assistance, Consolidated Annual Performance and Evaluation Report (CAPER) reviews, risk analysis, monitoring plans, and other information. The newer system, the GMP Monitoring Module, is Web-based. Though field office representative previously used GMP Legacy to document grant monitoring (including preparation, monitoring reports, and closing of findings), they now upload this information into the GMP Monitoring Module. This review process enables field offices to schedule projects identified as high-risk projects (and a sample of lower-risk projects) for onsite monitoring. However, field offices typically do not flag Section 108 projects for onsite monitoring. One field office staff member estimated that fewer than 15 percent of Section 108 projects are scheduled for onsite monitoring.[70] Most field office staff members set up conference calls with grantees on a regularly scheduled basis to determine the project's status and progress. At least one field office representative termed the system "unwieldy." Another noted that including Section 108 in GMP Legacy is impractical because there is no applicable area in which to do so. In general, use of GMP Legacy varies by field office. Some field office representatives may find areas in GMP Legacy to record some Section 108 related information (e.g., as telephone-based technical assistance).The system may or may not contain any information on monitoring the city's Section 108 program.

[70] Since Section 108 projects are included in the recipient's CDBG program, the decision whether to monitor a recipient is based on a risk assessment of the recipient's overall program.

Intermittent Direct Contact

In general, field office staff members believe their function is to develop a working relationship with grantees and stay informed about the grantee's performance through frequent formal and informal contact, with emphasis on the latter. Accordingly, field office staff members stated that they tend to communicate with grantees frequently via email and telephone.

Though field offices do not formally collect data on accomplishments of Section 108 projects, they are well informed as to the overall status of projects. All field office staff members the team interviewed noted the shortage of resources available to keep grantees informed. The field offices that the team visited had good working relationships with their grantees, which they said are forthcoming with information related to the success or failure of projects generally. The staff members in Puerto Rico and Boston alluded to the lack of resources impacting the level of attention that can be paid individual programs. For example, they noted that that the number of new programs created in recent years, such as the Community Development Block Grant-Recovery program, Homeless Prevention and Rapid Re-housing Program, and Neighborhood Stabilization Program, has made it more difficult to keep up with Section 108.

CAPER Review

During visits to field offices, staff members noted that CAPERs provided information on Section 108 outcomes in narrative form only. Additionally, the grantees that were visited noted that they rely on CAPERs to track the progress of Section 108 projects. Although this appeared to be mostly true for the grantees that were visited,[71] a random review of CAPERs from a group of grantees in the sample showed that a large majority of the CAPERs did not address accomplishments of Section 108 projects. The depth of information reported in CAPERs varied from grantee to grantee but did not include

[71] Grantees include information on Section 108 outcomes in CAPER, but, unlike CDBG, HOME, and other HUD programs, this is not done in a systematic way. For example, in one CAPER entry, a grantee in the Philadelphia region provided a page of information on their Section 108 project, while in another CAPER information on Section 108 jobs planned, underway and accomplished was mixed in with CDBG-related results. The Section 108 outcomes appeared as one line on a table.

information beyond basic project status.[72] A small number of CAPERs mentioned debt repayment of the Section 108 loan, and two CAPERS (out of the 20 randomly chosen) made mention of a Section 108 project within the jurisdiction. In one CAPER entry, the grantee provided a page of information on its Section 108 project, while in another CAPER, the grantee mixed information on Section 108 jobs planned, underway, and accomplished with CDBG-related results. Although HUD guidance required the grantee to detail the accomplishments of the Section 108 projects currently in the pipeline, only one CAPER specifically referred to a Section 108 project. In sum, only one of the 20 CAPERs selected at random went beyond a discussion of Section 108 debt repayment or provided other financial information; the CAPERs we examined described some Section 108 projects but did not detail any accomplishments.

Status Reports

When asked about monitoring and specifically what techniques HUD uses to monitor Section 108 projects, staff members in one field office noted that they ask about the status of Section 108 projects and send frequent messages to HUD Headquarters with project status information. Headquarters staff members then enter the information into the Loan Application and Management System (LAMS).[73] The information comes "full circle" when Headquarters sends the LAMS report back to the field office. One of the grantees visited by the team noted that it submitted a status report on its Section 108 projects soon after a new field office representative took over. The report discussed each of its active Section 108 projects, including jobs created and funds committed. The grantee intended the report as an introduction to its Section 108 projects and does not updated the report on a regular basis. However, the field office representative, when interviewed, stated that the field office could ask the grantee for an updated report at any time.

While a field office representative might monitor Section 108 activity to ensure that deadlines are met and reports are filed, an Economic Development Specialist, specifically, would have more substantive knowledge of how to undertake economic development and get more actively involved with the community. The study revealed that Section 108 grantees do not always follow program reporting guidelines, and HUD does not always enforce them. Though there is an attempt to report accomplishments, the data are not uniform across field offices. Reports (such as the CAPER) that require reporting Section 108 accomplishments annually mostly do not contain information on Section 108 project accomplishments. Unevenness in the number of states and grantees reporting and the flexibility of the program and activities make the collection of consistent, reliable, and verifiable data challenging. Although there is a standard format for reporting CDBG accomplishments in IDIS, and the same standards can be applied to the Section 108 loans, the team did not find any evidence that the standard procedures are used to measure the extent of Section 108 program achievements, either generally or across broad activity levels. Thus, although there is a framework for reporting, until Section 108 is incorporated in a reporting system (such as IDIS), there may be fragmented collection of information and reporting of the Section 108 accomplishment information.

In one respect, HUD is confident that it is able to calculate at least one outcome measure. Section 108 program managers said that they have predictive models of economic activity, specifically job creation and retention. The models, which calculate the job level over time and thus measure the level of economic activity in distressed neighborhoods, are based on the estimated commitment level for the fiscal year and what the level will be if the trend continues. According to information the team received during the first meeting with program office staff members, they are satisfied that their models are good predictors of job creation potential. The study team did not examine the models for comparative purposes.

It is possible that HUD may not have sufficient resources to cover all economic development programs equally. One complaint heard from field office staff members during the site visits was that field office resources are spread thin and onsite monitoring competes with other priorities. According to the field offices, they have a multitude of competing priorities, including representing HUD in the community, providing technical assistance and training, reviewing applications and other

[72] The proposed addition of Section 108 reporting in the IDS in 2012 may change this situation.

[73] Each month, the Financial Management Division distributes an email copy of the LAMS report to field office Directors for the purpose of assisting them in managing their Section 108 portfolios. The LAMS report lists active Section 108 projects located within each field office's jurisdiction and will be helpful in identifying projects that are to be reported in the CAPER.

documents, monitoring recipients of CPD funds, and other duties as assigned, which may involve annual plans. At one time, each regional field office had a dedicated Economic Development Specialist. When this study was launched in August 2009, only three regional field offices—Boston, Philadelphia, and Seattle—maintained the function. Since that time, only the Boston field office has retained a dedicated, full-time Economic Development Specialist. The Philadelphia field office has a person in the position. However, that person has been asked to perform additional duties, sharing her time among competing priorities. In all the other field offices, the functions of a dedicated Economic Development Specialist have been absorbed by other staff members.

Section 108 Web Survey Overview

As discussed in Chapter 1, the research team sent a Web-based survey to 296 Section 108 grantees, of which 118 completed the survey. The survey asked respondents to choose either from a list of possible answers ("multiple choices") or provide open-ended answers. For the "multiple choices" questions, respondents were allowed to choose as many items as applied to their particular project, and they could choose "other" and provide a description in their own words. The analysis presented in this section is based on the responses for 118 projects. Researchers offered confidentiality to survey respondents.

The survey is divided into eight sections, A through H. This section presents a brief description of what is contained in the first six of these sections (A-F) and a summary of grantee responses. This section is intended to give the reader a cursory glance at the results. A complete analysis of the responses can be found in the section immediately following (Analysis of Outcomes).

Brief Description of Survey Sections

Section A – General Project Information. This section confirmed and augmented information gathered from HUD administrative files and other HUD data. This section asks the grantee to verify the project's purpose and funding, including the sources that the team captured during the review of the administrative files. Although the majority of grantees surveyed (83 percent or 98/118) agreed that the information included in the HUD files reflected the true nature of the projects, 18 respondents (15 percent) did not agree with the summary project description in HUD's administrative files and two did not answer the question. Most grantees (95 percent or 112/118) agreed the amount of Section 108 loan was correct, five grantees reported that the amount of the Section 108 loan was incorrect, and one did not answer the question.

Fifty-four respondents indicated that their project was carried out as part of a geographically targeted revitalization effort, with 20 projects in a HUD approved Neighborhood Revitalization Strategy Areas.[74] Of the locally targeted projects, 21 were comprehensive in nature, 16 were focused on commercial revitalization, three were focused on housing, and 14 had an "other" focus.

Section B – Assistance to Specific Businesses, Nonprofits, or Government Agencies. This section gathers information on the amount and types of assistance provided to specific businesses, nonprofit organizations, or government agencies that operate as subrecipients[75] of Section 108 loans. According to the respondents, 59 (50 percent) provided assistance to specific businesses, nonprofits, or government agencies as part of their Section 108 projects; 54 (46 percent) did not; and the remaining five (four percent) did not answer the question. The most popular form of assistance was an amortizing permanent loan, provided by 31 respondents. The respondents indicated that 67 percent provided assistance to only one entity and 11 percent provided assistance to more than four entities. The total amount provided by respondents was $175 million, and the respondents targeted for-profit and nonprofit or government recipients almost equally.

Section C – Third-Party Loans (Loan Pools). This section gathers information on the number of loans made under loan pools, the purposes of these loans, the dollar amount of loans, and other information about loan terms. Eighteen respondents (15 percent) indicated that part of the project included funding a loan pool, and seven respondents noted that their loan pool had multiple sources of funding.

[74] The Neighborhood Revitalization Strategy Area (NRSA) is used to revitalize an area that is a community's most distressed. Grantees may designate local target areas for revitalization to promote innovative programs in economically disadvantaged areas of the community. Requests are submitted as a part of, or as an amendment to, a grantee's Consolidated Plan.

[75] The CDBG program (which includes the Section 108 program) uses the term "subrecipient" to refer to an organization receiving CDBG funds from a grantee to carry out eligible activities.

Grantees generally intended loan pools for economic development, although some also covered housing. According to the respondents, loan pools did not fund public facilities projects. Grantees most often made loans for real estate acquisition or rehabilitation, and also commonly for site preparation, façade improvements, purchasing machinery or equipment, and infrastructure. The respondents made 72 loans, for an average of 4.5 loans per pool. The total amount lent from loan pools was $154 million, with an average loan of $2.14 million.

Section D – Economic Development. This section collects information on the types of economic development activities undertaken, including those carried out through assistance provided to business or loan pools. We also ask for a self-assessment of the status of these activities. According to the survey, 58 respondents (49 percent of all survey respondents) indicated that their project included economic development activity, with 24 of those respondents noting that they also used Section 108 funds for infrastructure improvements.

Of the 58 projects funding economic development activities, most (42 projects or 72 percent) provided services, specifically accommodation and food services and arts, entertainment, and recreation.

Section E – Public Facilities. This section asks detailed questions about the types of public facilities made available under Section 108, the means through which they are provided, and the status of these activities. There were 50 respondents (42 percent of all survey respondents) that indicated their project included funding for a public facility, with 26 respondents noting that they also used Section 108 funds for infrastructure improvements.

Of the 50 respondents that said they funded public facilities with the Section 108 funds, 38 projects (76 percent) funded construction of public facilities, 20 projects (40 percent) funded acquisition of real property for public facilities, and 17 projects (34 percent) used the funds for clearance and demolition. Parking facilities were the most common public facilities funded by Section 108 (15 projects or 30 percent), followed by neighborhood facilities and park or recreational facilities, which were each funded by 11 projects (22 percent).

Section F – Housing. This section asks detailed questions about the types of housing-related activities undertaken, the characteristics of the housing, types of beneficiaries, and the status of housing-related activities. In this section, 19 respondents (16 percent of all survey respondents) indicated that their projects included funding for housing-related activities, with 10 of those respondents noting that they also used Section 108 funds for infrastructure improvements.

Of the 19 projects that funded housing activities, 16 projects (84 percent) funded acquisition of real property, 15 projects (78 percent) funded construction, and 13 projects (68 percent) funded clearance or demolition.

Additional details on the uses of funds, program benefits, accomplishments and the importance of Section 108 funds to grantees are reported in the sections that follow.

Analysis of Respondent Outcomes

In the Section 108 loan application, grantees must provide a description of compliance with CDBG National Objectives and eligible activities, a schedule for repayment, and certifications.[76] At this stage, grantees typically have not defined outcome measures or collected data on accomplishments and impacts. The survey was designed to collect outcomes for the total project (which included all funding sources), as well as outcomes specific to the project's Section 108 funds. The survey included a total of 13 questions regarding outcomes. In addition to asking the grantees to define the extent to which they established well defined outcome measures, the questions asked for the data sources used to track outcomes. The questions addressed the extent to which Section 108 funding provided and sustained benefits. If shortfalls occurred, the questions probed for the reason(s) why the project had not achieved its intended target.

For the purposes of this study, outcomes are defined as benefits or other notable effects reported by grantees as resulting from program outputs. Outcomes typically relate to a change in conditions, status, attitudes, skills, knowledge, or behavior. Common outcomes could include improved quality of local housing stock, revitalization of a blighted neighborhood, changes in property values, improved physical appearance, upgraded infrastructure, and the development of more community services.

[76] Required certifications include: legal authority to pledge grants, efforts made to obtain financing without Section 108 loan funds, citizen participation requirements followed, and certifications required by HUD as with annual Consolidated Plan.

This section presents the study team's best efforts to report on program performance, given the limitations of the data available to the team to review. There is a need to know for what purpose funds are spent. Are the programs achieving the goals and outcomes they set out to achieve? This study contains insights gathered from the survey results and site visits.

The study team intended to describe the Section 108 program's planned results and examine whether the program participants accomplished what they set out to do. The study team was not able to conclusively gather or verify performance data from all the entities and sources. First, as mentioned previously, although HUD provides reporting guidelines and monitoring guidance to grantees and field offices, the study team was not able to find consistent reporting data either at the field office level or at the grantee level. When the study team asked field office staff members how grantees measure outcomes and whether they would be able to provide outcome information for our survey, the one field office staff member in Pennsylvania responded affirmatively, noting that HUD requires grantees to track outcomes throughout the project until the loan is repaid. Thus, the results of the survey reflect what grantees see as the outcomes. These are neither compared to planned outcomes nor catalogued in that fashion. However, grantee staff turnover in many cases limited the study team's ability to obtain a historical context to fully understand the range of outcomes. Thus, the team was not able to absolutely verify whether the Section 108 program is producing all of the planned results and making the most efficient use of public funds. In order to verify that planned accomplishments are complete and effective, HUD would need to do an impact evaluation, which was not the intent of this study.

According to HUD data, grantees intended Section 108 funds to produce many types of projects for multiple uses. The HUD data show that the intended uses of funds included acquisition of real property, equipment, or working capital; commercial construction; infrastructure improvement; site preparation or remediation; professional, social, or educational services; job training; technical assistance; and microenterprise assistance. (See Chapter 3.)

Table 20 identifies the number of projects and uses of funds reported by grantees in the survey responses. The information is based mostly on responses to several questions in Section G of the survey. The questions include responses to lists of possible outcomes accomplished, types of services that became available, and types of revitalization or investments that occurred. Grantees can plan to accomplish several activities within the confines of one project. Projects can be classified within multiple categories of uses.

Overall, most funded projects engaged in business development activities. The majority of projects used funds to: promote, maintain, or accelerate business growth in the community; promote commercial improvements; or provide job training.

Table 20. Uses of Funds

Uses of Funds	Number of Projects (N=118)
Assist in business creation, growth (or expansion), and development to spur small business growth and development, expand businesses, assist failing businesses increase commercial businesses, and help failing business remain viable. In addition, providing assistance to businesses for working capital or inventory.	63
Acquisition of real property, equipment, or working capital for commercial or residential purposes.	50
Industrial expansion, including furthering commercial building acquisition, construction and rehabilitation, improving commercial and industrial building facades, and other commercial and industrial improvements.	41
Infrastructure development, including disposing of solid waste, providing flood and drainage improvements, constructing sidewalks and streets, and planting trees for commercial, public facility, and residential purposes.	40
Rehabilitation of real property, including clearance, site preparation, cleanup of contaminated sites, and demolition for commercial, public facility and residential purposes.	37
Job training, employee support, technical assistance, and microenterprise assistance.	12
No activities noted.	14

Overall Program Benefits and Performance

National Objectives

Each Section 108 activity must meet a National Objective. Table 21 shows the three National Objectives and types of activities that qualify within each.

Table 21. Types of Activities by National Objective

National Objective	Types of Activities that Qualify as Meeting the National Objective
Benefit to LMI persons	• Area benefit activities • Limited clientele activities • Housing activities • Job creation and retention
Elimination of slums and blight	• Activities that prevent or eliminate slums on an area basis • Activities that prevent or eliminate slums on a spot basis
Urgent need	• Activities that meet urgent conditions

A grantee may concentrate funding in a specific geographic area, such as a neighborhood or a particular community, for the purpose of revitalizing the identified area and demonstrating results in a shorter period of time. A geographically concentrated use of funds may be comprehensive in nature in terms of the types of activities that are undertaken, such as a combination of housing, economic development, and public facilities/improvements, or it may have one primary focus, such as housing or economic development.

Program Performance

According to the survey respondents, grantees representing approximately 87 percent (103/118) of the projects noted the performance status of their intended activities. The grantees reported on whether they had completed their project, partially completed their project, or the project was incomplete. The study team considered projects to be complete when the grantee reported that "most accomplishments have been achieved," partially complete when the grantee reported that "some accomplishments have been achieved," and incomplete when the grantee reported that "most accomplishments have not yet been achieved." The team does not know from the questions asked in the survey which specific activities the respondents accomplished. The team also does not know the status of performance or funding for the non-respondents.

According to the survey results, approximately 33 percent of respondents (39/118) said they undertook multiple qualifying activities under a National Objective.

Table 22 summarizes the National Objectives, funding, and performance status reported by grantees representing 118 projects. Although seven respondents did not answer the question, the study team was able to determine from other HUD data sources where the seven projects fit. One project was assigned to LMI area benefit; three were assigned to LMI housing benefit; two to low mod job creation and retention; and one to slum/blight area benefit. (Appendix H includes a chart that describes activities and the national objectives met by each respondent.)

As can be seen in Table 22, there were no Section 108 projects meeting the "Urgent Need" criteria in the group of respondents. Typically the use of this national objective is rare because it is reserved for activities that can help alleviate recent, existing, serious conditions that can threaten the health or welfare of the community. In addition, to qualify for this, the community must show it does not have the ability to finance the activity. Most respondents reported that their project benefited LMI persons. Projects qualifying under LMI job creation and retention received the most funds. Projects providing housing benefits achieved the highest rate of positive outcomes. Reported benefits include the following:

- Creating new jobs for LMI persons or retaining jobs previously held by LMI persons.
- Creating new businesses or expanding existing businesses.
- Demolishing unsuitable structures, clearing blighted areas, and otherwise improving exterior appearances, streetscape, or facades.
- Improving public infrastructure.
- Improving amenities or community facilities, such as adding shopping or restaurant choices, creating new parks, health, childcare, and cultural centers.
- Building, rehabilitating, or otherwise improving housing structures, including making housing accessible for persons with disabilities and providing permanent housing for homeless persons.

Table 22. Summary of Section 108 Activities and Accomplishments by National Objective Noted by Survey Respondents

National Objective and Qualifying Activities Funded	No. of Projects with Qualifying Activities	Amount of Section 108 Funding ($ Million)[77]	% of Total Section 108 Funding	No. of Projects Achieving Most Intended Results	No. of Projects Achieving Some Positive Results[78]	% of Grantees Achieving Positive Results in General
Benefit to LMI Persons - Job Creation And Retention Activities	53	311.8	50	28	9	69.8
Benefit to LMI Persons - Area Benefit Activities	52	220.3	36	32	15	90.3
Benefit to LMI Persons - Limited Clientele Activities	24	110.0	18	20	2	92
Elimination of Slums and Blight - Activities that Prevent or Eliminate Slums Area Basis	19	124.0	20	12	2	70
Benefit to LMI Persons - Housing Activities	16	75.9	12	9	7	100
Elimination of Slums and Blight - Activities that Prevent or Eliminate Slums Spot Basis	12	63.6	10	7	2	.75

Continued on next page

[77] Total amount of Section 108 funding verified by survey respondents is $619,069,000. One respondent did not verify the amount of Section 108 funds committed by HUD to the project. Thus, the total is some amount over that noted. Since the study team does not have a way to verify the one respondent's Section 108 funding–because the respondent had removed the identifiers from his/her response–this report uses $619, 069,000 as the total.

[78] Some respondents did not answer the question of project accomplishments in general. However, respondents did note accomplishments elsewhere in their survey responses. The team gathered accomplishment information from answers from many of the relevant questions, including open-ended comments to construct the numbers for this column.

Table 22. Summary of Section 108 Activities and Accomplishments by National Objective Noted by Survey Respondents (Cont.)

National Objective and Qualifying Activities Funded	No. of Projects with Qualifying Activities	Amount of Section 108 Funding ($ Million)[77]	% of Total Section 108 Funding	No. of Projects Achieving Most Intended Results	No. of Projects Achieving Some Positive Results[78]	% of Grantees Achieving Positive Results in General
Urgent Need – Activities that Meet Urgent Conditions	0	0	0	0	0	0

Nearly $619 million in Section 108 funding was awarded to the 118 grantees responding to the survey. The total amount of funding devoted to these projects was reported at approximately $2.2 billion.[79]

Forty-two projects that grantees said had achieved positive outcomes, supported activities carried out as part of a geographically targeted revitalization effort, defined as either a local target area or a Neighborhood Revitalization Strategy Area. Most of these included activities that were comprehensive in nature, funding a combination of economic development and public facility improvements. A few (five projects) had one primary focus, either housing or economic development.

Status of Accomplishments and Overall Spending

In the survey, respondents were asked to report on their planned activities under each of the National Objectives; the status of overall spending; whether they met their planned accomplishments; and if not, provide specific reasons as to why they had not achieved accomplishments.

Three-quarters of the projects achieved their positive results. Seventy-five percent of the projects (88/118) were said to have achieved some positive results, including most or all intended outcomes.[80] Approximately three-quarters of the projects having some positive outcomes also reported that the positive results continue to exist. Nearly $2 billion was invested in the projects with positive outcomes. Approximately $494.7 million (24 percent) was Section 108 funds.

Over half of the grantees have exhausted their resources. According to the survey results, approximately 58 percent of respondents (69/118) had spent all or nearly all of the funds, including Section 108 funds and funds from other sources. Another 16 percent (19/118) had some funds remaining, and three projects had spent up to 50 percent of the funds. According to the survey respondents, the Section 108 funds account for approximately 27 percent of total funds from all sources.[81]

Slightly less than half of the respondents said they had completed their projects. Approximately 47 percent (55 projects) were said to have completed projects.[82] Almost $230 million in Section 108 funds were committed to these projects. The total funding was approximately $1.1 billion.

Grantees Achieving Most or Some Results

Approximately 28 of the projects that grantees said had achieved most or all of the intended results supported activities carried out as part of a geographically targeted revitalization effort, defined

[79] Total does not include funding for one project for which the team does not have funding information because that grantee removed all identifiers from the survey responses he did provide.

[80] This is based on mainly on responses to the question that asks whether in general most of the intended results were achieved. However, this is supplemented by other responses to questions that get at the same information. Sixteen projects were said to have been in the process or said they could not say for sure whether there were positive accomplishments. Fourteen did not answer the question.

[81] Twelve respondents failed to record the total amount of the funds committed to the project.

[82] The grantees responding considered their projects complete if most of the accomplishments had been achieved at the time of the survey.

as either a local target area or a neighborhood revitalization strategy area. Most of these (43 projects) included activities that were comprehensive in nature, funding a combination of economic development and public facility improvements. A few (five projects) had one primary focus, housing or economic development.

In the survey, most respondents that had achieved positive results noted some of the benefits ensuing from having used Section 108 funds generated additional investment which allowed them to accomplished additional activities. Between 50 and 60 percent of these grantees noted varying opinions centered on the following themes:

- New investment or additional revitalization (mainly in the form of improved appearance or increased amenities or community facilities) occurred either in the neighborhood where project activities took place or in the surrounding neighborhoods.
- Section 108 projects attracted additional investment in economic development, thereby increasing the local tax base, promoting new employment opportunities (such as construction jobs), or assisting business expansion.

Grantees that the study team visited in Boston, Seattle, Philadelphia, Oklahoma, Los Angeles, and San Diego agreed with the general survey findings on the benefits of having Section 108 projects in their communities. The site visits yielded the following additional insights:

- Grantees operating near large cities in the Northeast and the Western said Section 108 projects are catalysts for future development. Section 108 projects tend to encourage additional economic development adjacent to the site or near the site.
- The Boston field office mentioned that some small communities cannot take advantage of Section 108 benefits because they have problems with capacity.[83] The field office has to do a lot of hand holding when small communities apply for Section 108. However, in one instance the field office was able to help a small community with a successful project in which a small city didn't have the capacity to actually manage the project. In this case, field office staff members worked with the state to help the community set up and mange the project. This brought the small community many of the same spillover economic development benefits.
- The field office staff in Oklahoma noted that the city uses Section 108 loans almost exclusively to fund economic development projects that create jobs. The city's reasoning is that Section 108 loans should be used only for projects that generate revenue to retire the loan debt. For this reason, the city does not use Section 108 loans to fund public facilities like parks and community centers. The city chooses not to fund housing development with Section 108 loans because it believes that Section 108 is a CBDG program and housing is not typically an area for CDBG funding.
- One grantee located near Philadelphia said that its Section 108 project spurred additional public facilities spending by the state, including a new \$7 million sewage plant, a \$25 million highway interchange, and \$3 million in additional infrastructure.
- A couple of grantees near large cities in the Eastern United States said that they expected most of their projects to add to the tax base. One grantee in Pennsylvania said that additional revenues would be a major benefit to the school district, as the district would need nonresidential development to offset the costs associated with residential development.

Grantees Falling Short of Achieving Results

Survey respondents that did not complete their activities noted some reasons for their lack of accomplishment. Most reported that they needed more time to accomplish their goals and/or the recession made it difficult to reach their intended outcomes. Some (eight of 118) said that unexpected environmental problems led to cost overruns. A few (six of 118) said that volatile markets, uncontrollable costs, and rising costs led to project delays.

Grantees that the study team visited expressed similar themes. Some said community needs had shifted away from planned development

[83] HUD is currently providing training sessions for the use of Section 108 funding. Since 2009, States can may apply directly to HUD for Section 108 technical assistance for distribution to units of general local governments in the same fashion as the regular CDBG program.

and that some industrial and business development suffered from a decline as employers relocated to other communities or even other countries. One grantee in Pennsylvania said that projects needed wetlands permits, which took years to obtain; highway occupancy permits; and, where the site contained pottery shards, the involvement of the historical society, resulting in significant delays. Field office staff members in Puerto Rico said local regulatory barriers and permitting problems delayed projects.

Some grantees located in the Northeast and in the Western said they encountered unanticipated problems prior to or during construction. Those problems were typically unrelated to the project itself but rather to unfavorable siting circumstances or financial problems encountered by the developer. For example, one grantee in Pennsylvania said that discovery of coal tar asphalt on the project site led to $400,000 in additional costs because 70 truckloads of material had to be transported to a special landfill (one of only three such landfills in the United States and Canada). In addition, the location was also more expensive than initial estimates, and environmental issues cost more than budgeted. This decreased the scope of the project from the initial application.

Grantees near Boston and Philadelphia commented on the economy influencing the ability of the program to sustain the level of output anticipated. One interviewee in the Philadelphia area said "economic downturns, national increases in productivity, and increased use of automation were partly to blame for a decrease in the number of jobs that the project could realistically create."

Overall, respondents were in favor of borrowing through another Section 108 loan (73 percent, or 86/118). A small percentage (16 percent, or 19/118) said that they would decline future participation in Section 108 projects.[84] Curiously, some of the grantees that said their jurisdiction would not seek another Section 108 loan (in their open ended survey questions) affirmed the value of the Section 108 program and noted that projects would not have been possible or difficult to put forth without it. Table 23 presents a sample of comments from10 grantees that said they would not apply for Section 108 in the future.[85]

[84] Thirteen did not answer the question.
[85] This table is redacted to maintain anonymity.

Table 23. Sample of Comments from Grantees Reluctant to Seek another Section 108 Loan

What was accomplished with Section 108?	What would have happened without Section 108 financing?
[The Section 108 project helped create] a beautiful revitalized downtown area	The project would have had to be downsized. Matching funds would have had to be found elsewhere.
The HUD 108 loan for the development of the first floor retail space enabled the affordable housing project to proceed with the housing financing.	The project would have stumbled along trying to secure financing to complete the retail development.
A new library was constructed to serve the l/m population which is widely used by children, adults for family literacy, computer literacy and primary source of reading material for residents.	The new library would not have been able to be constructed without the funding.
Renovation of low-moderate housing; renovation of parks	Would have delayed, or kept from happening, the rehabs and park projects.
We saved our downtown from crumbling into an unsafe condition. Our downtown has an opportunity to continue its long history of a hub of activity.	Downtown revitalization would not have happened. The 108 Program is very worthwhile and serves as an important tool for certain types of projects and it fills a gap in funding for those projects.

Continued on next page

Table 23. Sample of Comments from Grantees Reluctant to Seek another Section 108 Loan (Cont.)

What was accomplished with Section 108?	What would have happened without Section 108 financing?
New construction of 204 affordable housing units (apartments)	[There would not have been] enough funding which would've resulted in a smaller project.
The HUD 108 loan implemented public improvements and infrastructure that supported neighborhood revitalization. This addressed public safety in terms of pedestrian and vehicular visibility and removal of hazards.	If the Section 108 loan was not received, there would have been a shortfall in funding the capital improvements.
These funds were used solely for the rehab of buildings eliminating slum & blight of the decommissioned site.	Project would not have been completed, as the Section 108 was part of the major funding for the site.
Creation of a Conference Center, stimulating new development downtown and increasing visitors to our community; job creation.	The Section 108 filled a financing gap; at this time, we are not aware of another source that could have been utilized.
This project was the first Section 108 project. [The jurisdiction] typically has not applied or used economic development resources. It allowed the jurisdiction to gain some capacity in this area. Unfortunately, the project has not been fully successful; this has left some political reluctance to think about the use of Section 108 again.	The project would have not gone forward.

Types of Activities Undertaken by Survey Respondents

Approximately 78 percent of respondents (92/118) listed at least one specific activity that they accomplished in response to the question, "In your opinion, were any of the following possible outcomes accomplished as a result of your Section 108 project?" Another 11 respondents mentioned their projects afforded services to the community or contributed to the revitalization of the community. The remaining 15 respondents did not provide information on these questions. Table 24 details the specific accomplishments that resulted from the use of the projects' total allotted funds.

Table 24. Specific Accomplishments as a Result of Section 108 Funds

Positive Outcomes Resulting from All Funding Sources as Reported by Grantees	Number of Projects	Percent of all Survey Respondents (N=118)
Promote construction jobs	68	58
Promote neighborhood revitalization	67	57
Increase the property tax base	51	43
Improve infrastructure	51	43
Expand community facilities and amenities	51	43
Spur the development of new small businesses	42	36
Increase commercial, business, or wage tax revenue	40	34
Help to revitalize downtown	37	31

Continued on next page

Table 24. Specific Accomplishments as a Result of Section 108 Funds (Cont.)

Positive Outcomes Resulting from All Funding Sources as Reported by Grantees	Number of Projects	Percent of all Survey Respondents (N=118)
Attract or relocate businesses to state/locality	36	31
Assist in the expansion of existing businesses	36	31
Provide new commercial services to community	36	31
Assist a failing business to remain viable	14	12

In general, the survey results showed that that the initial focus for most of the projects was revitalizing communities and neighborhoods and enhancing economic opportunities by spurring business creation and expansion. Respondents reported that most new commercial services and assistance to businesses led to increased jobs and increased property values. In the survey, respondents noted the following:[86]

- Approximately 55 percent of the projects (65/118) were classified as projects that mostly undertook economic development activities. The activities mostly consisted of providing assistance for real estate acquisition, expanding commercial space, or improving infrastructure. Mostly these activities provided benefits to retail trade and the service industries. Most of the respondents that engaged in economic development (78 percent or 51/65) reported they had attained some positive results.

- Approximately 32 percent of the projects (38/118) were classified as projects that undertook public facilities activities. Most consisted of funding parking facilities or recreational facilities. Most activities involved construction projects, acquiring real property, or clearing property. Grantees also noted that the funding included money for street improvement and tree planting. Approximate half the projects (25/50) were said to have achieved some positive results.

- Approximately eight percent of the projects (10 of 118) were classified as projects that undertook housing-related activities, mostly consisting of housing construction and public housing rehabilitation. The respondents noted that the housing-related activity involved acquiring property, construction, and clearance and demolition. They also said that the funding provided for infrastructure improvements, such as improving streets and sidewalks and planting trees. Respondents said they intended most of the housing-related activities to provide permanent housing to the elderly, homeless, and persons with disabilities. Approximately 80 percent (eight of 10) said they had achieved positive results.

Type of Results Achieved/Outputs Realized With Private and Public Funding

In response to the question "In general, were most of the intended results from this Section 108 investment achieved?" respondents representing 88 projects (three-quarters of the projects) said that they had achieved most, all, or mostly positive results. In addition, some said that they had achieved positive results despite not succeeding as planned. Nine said they have not sustained outcomes due to adverse economic conditions, nine stopped tracking outcomes, and others either did not answer the question or said the project was too new to have outcomes or the project was in the development phase. Approximately 72 percent (64/88) have sustained the positive outcomes accomplished to date, despite the economic downturn which has made it difficult to complete their projects. Of those that succeeded, most met LMI area (29) or LMI job creation (34) objectives. Other projects met LMI limited clientele (16), Slum/Blight area (10), LMI Housing (nine), and Slum/Blight spot benefit (seven).[87]

This group of grantees combines mostly public services and economic development projects to promote revitalization, be it at the neighborhood or area level. Some of the grantees set up technological

[86] Some respondents did not record accomplishment data. Some said they could not do so as the project was in the development phase or in its infancy and it was too early to tell. Therefore, for each of the categories there will be some information missing. Also, five projects are not categorized because the information from the HUD files was not available.

[87] Projects can be classified under more than one objective.

or community centers in depressed areas to bring in jobs and alternate services to the community. The community space serves many purposes, including meeting space, conferences, and other public functions. Some grantees said they focus on providing community services, including health clinics, neighborhood resource centers, and after-school and sports programs for children and youth. Grantees see these activities not only as positive contributions toward neighborhood revitalization but also as incentives for curbing crime and vandalism because they help mitigate behaviors such as drug dealing, drug use, and gang participation.

One grantee in the Pacific Northwest said that it is an active user of Section 108 because the state limits funding for economic development projects (i.e., no public funds can be used for economic development). In addition to using HUD programs, this grantee is also a frequent user of other federal programs, such as new markets tax credits and historic tax credits, which they often package with Section 108 funds.

Accomplishments under Qualifying Activities

The remainder of this section is based on the survey responses in Section D (Economic Development Activities), Section E (Public Facilities), Section F (Housing Activities), and Section G (Outcomes) furnished by grantees responsible for 118 Section 108 projects.

Job Creation and Job Retention Benefits

According to HUD guidance, HUD considers created or retained jobs to be available to LMI persons only if the jobs satisfy the following criteria:

- Special skills that can only be acquired with substantial training or work experience or education beyond high school are not a prerequisite to fill such jobs.
- The assisted business agrees to hire unqualified persons and provide training.The grantee and the assisted business take actions to ensure that LMI persons receive first consideration for filling such jobs.[88]

[88] For a full explanation, see http://www.hud.gov/offices/cpd/communitydevelopment/training/basicallycdbgmanual/chapter8.pdf (accessed on July 13, 2011).

Based on the survey results, 53 projects focused on creating and retaining jobs.[89] Grantees responding to the survey indicated that more than half of the projects (38 projects) had achieved positive results overall. The other 15 were either in the development process or the grantee did not respond to the question of whether in general the intended results from the Section 108 investment were achieved. Most of the respondents that did not achieve positive results noted that the current economic recession made it difficult to reach intended outcomes and some attributed the lack of results to unexpected environmental problems or other government-caused delays.[90]

[89] At least 51 percent of the full-time equivalent jobs are required to be made available to or held by LMI persons.

[90] The team does not know why some grantees are more successful than others nor does the team know why some activities result in more positive outcomes. The extent of our knowledge on motivation and motives comes from open ended questions where we asked grantees to provide insights into their Section 108 projects. None of the grantees provided special reasons for their success.

Table 25 presents the funding amount by year and the status of projects qualifying under LMI job creation and retention.

Table 25. Status of Section 108 Projects Qualifying under LMI Job Creation and Retention

Award Year	Amount of Section 108 Funding	Number of Projects (N=118)	Number of Projects Completed	Number of Projects That Have Spent All or nearly All Funds
2002	$35,100,000	8	4	7
2003	$121,550,000	13	8	9
2004	$50,070,000	12	5	8
2005	$59,870,000	10	3	4
2006	$31,161,000	6	1	3
2007	$14,000,000	4	2	4
Total for LMI Job Creation and Retention	$311,751,000	53	23	35

Number of Jobs Created. Forty projects provided some information on the number of jobs created or retained. According to these respondents, their projects created approximately 10,422 jobs that have been retained to date.[91] Approximately 98 percent (10,206 of 10,442 jobs) were new full-time equivalent jobs. Approximately 78 percent (8,129/10,442) were said to be filled by LMI persons.

Based on conversations with grantees visited, the team found that the survey responses may not reflect the true job creation and retention picture because of the difficulty grantees have in practice trying to verify the number of jobs created. During the site visits, grantees near Boston, Seattle, and Philadelphia discussed various reasons why the number of jobs they report as meeting a National Objective may not take into account many of the jobs filled by LMI persons, jobs created in general, or even all employment generated by the Section 108 projects. These grantees believe that job creation benefits may be underestimated. They believe that reporting does not capture how effective the Section 108 program is in expanding employment opportunities and what factors contribute to or impede job creation.

[91] Most grantees responding to the survey said they gathered job and employment data information from various sources, including job creation monitoring, tenant verification, city records, business surveys, self certification, new hire certification forms, and employer job reports.

The following are examples of drawbacks noted by interviewees associated with reporting job creation and retention figures to HUD, presented geographically:

Boston Area

- One grantee said that it encountered various problems in reporting job creation and retention figures to HUD. At first, HUD directed the grantee to use 2,010 hours for each job. However, the grantee had no way of verifying whether the total hours represented one position working full time or many part-time positions.
- One city manager also noted an accounting problem as being an issue in tracking jobs. CDBG would only count jobs if the city paid the wages. If the city didn't actually pay the wages in accounting terms, the jobs weren't counted but probably should have been. Grantees are not willing to keep track of the hours worked by each individual, as this is time consuming and often variable cycle creates stops and starts job performance.
- Another grantee commented that the National Objective dictates who gets counted and who does not. The grantee has an internal database

system for job counting, where grantee officials track job creation by local businesses. The grantee thinks it is important to track all jobs that are created by Section 108, which does not mean they all have to be included on every report that is generated. For example, the grantee thinks it makes sense to track construction jobs even if those jobs are not included on a report demonstrating compliance National Objectives. Tracking all jobs is good from a marketing perspective and also for understanding the overall impact of the Section 108 program.

- A grantee commented that in today's economy, its construction sector is underutilized and the job creation impact on that sector is an important consideration from an economic development perspective. The grantee feels that job creation benefits are underestimated.

- One city staff member said that grantees are not willing to keep track of the hours worked by each individual, as this is time-consuming.

- One grantee mentioned that it has an internal database for job counting, which the grantee's staff uses to track job creation by local businesses.

Philadelphia Area

One grantee noted that two types of benefits of Section 108 are not counted as accomplishments or outcomes. First, Section 108 does not count construction jobs, although other federal programs do recognize the creation of construction jobs as an outcome. Also, Section 108 projects often help to expand the tax base of a community, but there does not seem to be a way to report this as an accomplishment in HUD's reporting or in IDIS. There is no final Section 108 project report once the loan is repaid or closed out.

Seattle Area

- The field office noted that Seattle receives considerable pushback from employers and employees regarding the type of information (private) that needs to be reported.[92] Seattle thinks that the job creation requirements in the regulations need to be updated, saying they have not been updated for about 20 years.

- One grantee in the region indicated that reporting on job creation may be intermittent and cease once the project achieves its goal. For a loan pool, job creation and reporting requirements were written into developer agreements.

- One grantee in the area said that it receives job creation reports from developers and then passes that information to HUD. The grantee tracks job creation and requires reporting from developers only until the goal is met. At that time, the grantee's approach shifts to asset management, and it no longer tracks job figures.

Job Creation Funding and Costs Associated with Creating or Retaining Jobs. HUD committed approximately $311.8 million in Section 108 funds to the 53 projects focused on creating and retaining jobs. The largest amount of Section 108 funding ($111.6 million) occurred in 2003. The amount of funding was six times greater in 2003 than in 2007, the year in which the level of funding ($19.9 million) was lowest.

The projects for which respondents provided information on the number of jobs created or retained were authorized $272.7 million in Section 108 funds. As noted previously, only 78 percent of the jobs created (8,129/10,422) were newly created full-time equivalent jobs filled by LMI persons. If the figures noted by grantees for those 40 projects are accurate, the average cost per newly created full-time equivalent positions filled by LMI person is approximately $33,531, which is within the standard of one job for every $35,000 borrowed. However, if the interviewees are correct in their opinions that the number of jobs reported is below the actual count, then the cost per job created is below that noted in the survey responses and may, thus, be well below the standard.

Grantee Opinions on Benefits of Job Creation. Some grantees that the study team visited provided additional details on the economic power of job creation. For example, an Oklahoma grantee stated that, based on a three-year ramp-up of 3,000 employees, it anticipates an annual direct economic impact of $246.5 million and an indirect economic impact of $135.9 million in year 3. The grantee anticipates a cumulative economic impact of over $764.7 million.

[92] Cross reference the HUD field office monitoring report on the Seattle Brownfields Loan Pool for possible issues with job creation goals and reporting.

Area Benefit

Under the area benefit criteria, the activity must be available to all residents of an area where at least 51 percent of the residents are LMI. The grantee must clearly delineate the area, and the area must be primarily residential.

Survey respondents for 52 projects reported providing LMI area benefits.[93] Of the 52 projects, respondents reported the number of LMI beneficiaries for only eight projects. These eight projects reportedly benefitted 11,371 LMI persons annually on an area basis. Another eight projects (not included in the 52 projects reported providing LMI area benefits) were said to have provided area benefits to an additional 29,038 LMI persons. However, in response to the question "What National Objective has this Section 108 project met?" respondents for these eight projects did not indicate that the projects intended to meet the LMI area benefit National Objective. Their responses may not point to any real inconsistencies, as these eight projects are within LMI neighborhoods where 51 percent or more of the residents are LMI. These projects qualify as having met one or more of the other National Objectives. They either provide LMI benefits to all residents of an area (such as infrastructure improvements or improvements to recreational facilities) or qualify under the LMI job creation or retention National Objective.

Grantees that the study team visited added additional insight into the spillover effects. One grantee in Oklahoma anticipated a direct real estate tax impact of close to $0.7 million over the initial three-year period and an indirect property tax impact of $5.5 million. By year 3, the grantee anticipated an annual direct property tax impact of $0.3 million and indirect property tax impact of $3.1 million. As for sales tax, the grantee anticipated an annual impact of $2.0 million.

HUD committed approximately $220.3 million to the 51 projects that qualified under the LMI area benefit National Objective, averaging approximately $4.3 million per project.[94] Funding for the projects increased from $20.9 million in 2002 to $78.1 million in 2005. In 2006 and 2007, funding decreased, reaching a low of $13.1 million in 2007. Less than half of the projects were exclusively targeted to providing area benefits. The others met multiple objectives.

Not all projects met their goals. The survey asked grantees to note whether in general their project most of the intended results from the section 108 investment achieved. According to the survey responses, 41 achieved most intended results. Of the 11 respondents whose projects had not met their expected outcomes attributed the shortfall to a variety of reasons, most of them (six projects) were still in the development process or had insufficient time to complete their projects.

Table 26 presents the funding amount by year and the status of projects qualifying under LMI area benefit.

Table 26. Status of Section 108 Projects Qualifying under LMI Area Benefit

Award Year	Total Funding Amount ($)	Number of Projects (N=118)	Number of Projects Completed	Number of Projects that Have Spent All or Nearly All Funds
2002	$20,855,000	12	8	10
2003	$30,506,000	9	5	4
2004	$34,244,000	10	5	7
2005	$78,098,000	9	4	4
2006	$43,500,000	6	1	3
2007	$13,100,000	5	2	2

Continued on next page

[93] Although 52 respondents selected this benefit, one respondent removed the identifiers within the survey responses. That respondent does not count in the aggregate amounts of Section 108 funds, but does count under other variables in the table.

[94] One grantee deleted the identifiers in the responses. Thus the team is unable to capture information such as the amount of funding for the project. Because of this, we note in the text that the amount of funding is for 51 projects only.

Table 26. Status of Section 108 Projects Qualifying under LMI Area Benefit (Cont.)

Award Year	Total Funding Amount ($)	Number of Projects (N=118)	Number of Projects Completed	Number of Projects that Have Spent All or Nearly All Funds
Unknown	Unknown	1	0	0
Total for LMI Area Benefit	$220,303,000	52	25	30

Slum and Blight Benefit

Under the slum and blight National Objective, grantees must prevent or eliminate slums and blight on an area or spot basis. To meet the National Objective on an area basis, the grantee must officially designate the area as slum or blight under state or local law, and the area must exhibit physical signs of blight or decay. Grantees must document the area's boundaries and conditions that qualified it at the time of designation.

To meet the National Objective on a spot basis, a funded activity must be designed to eliminate specific conditions of blight or physical decay not located in a designated slum or blighted area.

Area Benefit. HUD committed $124 million in Section 108 funds to 19 projects meeting the slum and blight National Objective on an area basis, averaging approximately $6.5 million per project. The lowest level of funding ($7.7 million) occurred in 2005, and the highest level of funding ($63.6 million) occurred in 2006. Fourteen of the 19 projects achieved some or all of their intended results overall, and these were authorized $108.6 million. Furthermore, seven of the 14 said they completed the projects. All but three of those that achieved positive results attributed success to the timing of the projects. Grantees said that in addressing slum and blight on an area basis, to date they demolished 121 units and cleared six blocks.

All years within the study period had awards, except 2007.

Spot Benefit. HUD committed $62.6 million in Section 108 funds to 12 projects meeting the slum and blight National Objective on a spot basis, averaging approximately $5.2 million per project. The lowest levels of funding occurred in 2003 and again to a lesser extent in 2007. The highest level of funding ($19.5 million) occurred in 2006. Nine of the 20 projects achieved some or all of their intended results overall, and these nine were authorized $54.8 million. Grantees said that in addressing slum and blight on a spot bases, they demolished four housing units.

Table 27 and Table 28 present the funding amount by year and the status of projects qualifying under slum blight.

Table 27. Status of Section 108 Projects Qualifying under Slum and Blight (Area)

Award Year	Total Funding Amount ($)	Number of Projects (N=118)	Number of Projects Completed	Number of Projects that Have Spent All or Nearly All Funds
2002	$13,800,000	6	4	4
2003	$16,000,000	4	3	2
2004	$22,910,000	2	0	0
2005	$7,700,000	3	1	1
2006	$63,595,000	4	0	0
2007	$0	0	0	0
Total for Slum/ Blight (Area)	$124,005,000	19	8	7

Table 28. Status of Section 108 Projects Qualifying under Slum and Blight (Spot)

Award Year	Total Funding Amount ($)	Number of Projects (N=118)	Number of Projects Completed	Number of Projects that Have Spent All or Nearly All Funds
2002	$25,350,000	5	2	4
2003	$2,003	1	1	0
2004	$15,085,000	2	0	0
2005	$1,700,000	1	0	0
2006	$19,450,000	2	0	0
2007	$1,000,000	1	0	0
Total for Slum/ Blight (Spot)	$62,587,003	12	3	4

Respondents that had activities directed at eliminating slum and blight on an area or spot basis also noted that most projects promoted neighborhood and downtown revitalization, resulting in increased property values, as well as an increase in the tax base. Respondents noted additional benefits, including improved infrastructure and facade restoration, repairs, replacements, or additions. Some grantees also mentioned that, as a result of these Section 108 projects, more construction jobs were available and new businesses were created.

Limited Clientele Benefits

Limited clientele activities must be located where the activities benefit LMI clientele. The activities must benefit a specific, targeted group of persons, of which at least 51 percent must be LMI. The grantee must maintain documentation of beneficiary eligibility, such as family size and income. Limited clientele activities may primarily serve groups that HUD presumes to be LMI, including abused children, battered spouses, elderly persons, severely disabled adults, homeless persons, illiterate adults, persons living with AIDS, and migrant farm workers.

Of the 24 projects qualifying under the limited clientele National Objective, all but one respondent noted achieving most or all of their intended results. The survey respondents whose projects were complete or partially complete reported that they made 171 housing units accessible, while two noted that 351 special needs persons (including homeless) received housing as a result of the projects.

HUD committed $110 million in Section 108 funds to projects meeting the limited clientele National Objective, averaging approximately $4.6 million per project. The highest level of funding ($65.9 million) occurred in 2005, while the lowest level of funding ($2.9 million) occurred a year later in 2006. Funding stayed approximately at the same level (between $10.3 million and $13.6 million) from 2002 through 2004. Funding in 2007 was closer to 2006 funding at approximately $4.9 million. Sixteen projects exhausted most or all of their funds, of those 14 were said to have completed most of the intended results.

Table 29 summarizes the activities and accomplishments.

Table 29. Section 108 Funding for Projects Qualifying under Limited Clientele Benefits

Award Year	Total Funding Amount ($)	Number of Projects (N=118)	Number of that Completed Most or All Planned Activities	Number of Projects that Have Spent All or Nearly All Funds
2002	$12,435,000	7	3	5
2003	$13,640,000	4	3	2
2004	$10,266,000	5	4	4
2005	$65,861,000	4	1	1
2006	$2,860,000	2	1	2
2007	$4,900,000	2	2	2
Total for Limited Clientele	$109,962,000	24	14	16

Housing Benefit

The activities undertaken under the housing National Objective are those that provide or improve permanent residential structures which will be occupied by LMI households. Sixteen projects in the Web survey qualified under the housing benefit National Objective. Of these 16 projects, three were devoted solely to providing housing benefits. The other 13 qualified under multiple objectives.

Total Section 108 funding for the 16 projects amounted to $75.9 million, averaging $4.7 million per project. With the exception of 2005 (when funding reached a low of $3 million) and 2002 (when funding reached a high of $23.7 million) funding remained almost constant from 2002 through 2007, ranging from $10.0 million to $14.7 million. Of the 16 projects, 15 undertook housing construction, four undertook housing rehabilitation and modernization activities (including energy efficiency improvements and lead-based testing and abatement), and four also preserved residential historic houses.

Respondents used the funds to build, rehabilitate, or otherwise improve housing. Grantees said they provided 1,349 housing units, of which 1,260 were affordable. Seven of the 16 projects included retail/commercial space. According to respondents, the retail/commercial space covered 216,792 square feet. In addition, 120 housing units were brought up to standard conditions and 325 were made accessible. Also, approximately 440 persons and 27 households received permanent housing.[95]

[95] Grantees used many sources to track the housing benefits, including resident affordability files, downpayment assistance, information from nonprofits managing shelters, reports from developers, city office documents, and annual reports by owner/operators.

Table 30 summarizes the funding information and accomplishments.

Table 30. Section 108 Funding for Projects Qualifying under LMI Housing

Award Year	Total Funding Amount ($)	Number of Projects (N=118)	Number that Completed Most or All Planned Activities	Number of Projects that Have Spent All or Nearly All Funds
2002	$23,675,000	7	2	6
2003	$13,000,000	3	2	1
2004	$10,000,000	1	1	1
2005	$3,000,000	1	0	0
2006	$11,500,000	2	0	2
2007	$14,745,000	2	1	2
Total for LMI Housing	$75,920,000	16	6	12

Activities Completed/Outputs Realized Using Section 108 Funds

When asked specifically what possible outcomes were accomplished as a result of the Section 108 project, respondents for 104 of the 118 projects could specifically point to at least one outcome and some were able to point to multiple outcomes. Additionally, many grantees that noted accomplishments (91/104) added their opinion as to what was accomplished as a result of the Section 108 project.

Table 31 summarizes the types of outcomes.[96] (Appendix I contains a more complete set of comments regarding what grantees perceived their accomplishments to be.)

[96] Although the categories were mainly framed from one question where discrete answers were possible, the team used responses to other survey questions to add detail to the categories. For example, to supplement the information on the improvement of infrastructure, the team drew from responses to questions on economic development funding activities, whether public facilities included funding for infrastructure and whether new investment in infrastructure occurred in surrounding neighborhoods from where Section 108 projects were located. The team believes that this approach gives a complete picture of the extent of outcomes resulting from the Section 108 investment.

Table 31. Outcomes Resulting from Section 108 Loans

Outcomes Accomplished as a Result of the Section 108 Loan	Number of Projects Contributing to the Outcomes (N=118)[97]
Revitalized downtown or revitalized neighborhoods by among other actions rehabilitating or renovating structures and facilities and remediating sites or eliminating blight	76
Created new jobs or preserved jobs, primarily construction jobs	68
Developed, revitalized, or expanded businesses and allowed businesses to remain viable	53
Increased services, provided new commercial services to the community, or added recreational, health and educational facilities	51
Improved infrastructure	51
Increased the tax base of the city or provided program income to the city	40
Leveraged additional funds or encouraged more development	17
Provided funds to acquire land, preserve historical properties, or provided gap financing.	9
Increased or preserved affordable housing stock	7

In over half of the cases (64/118), grantees (in response to a true/false question) noted that without Section 108 funding, the project would not have happened at all.[98] Grantees in the poorest cities were just as apt to acknowledge that projects they were responsible for could not have been done without the Section 108 funds. Five respondents with projects located in some of the poorest cities said the projects could have been done as well without the use of Section 108, and six said the projects would not have happened at all.

Secondary Effects

Grantees that provided open-ended responses to survey questions regarding the accomplishments of the Section 108 project funding pointed to additional benefits ensuing from the Section 108 funding.

Respondents that said the funds revitalized neighborhoods or areas also found that this attracted business enterprises and hotels to the area, deterred crime and increased public safety, became a catalyst for other economic development projects, and allowed cities to become hubs of activity. For example, respondents said the following:

- Revitalization resulting from Section 108 funding "became the rebirth of the area" by stimulating the creation of commercial businesses in the area.
- "The development of the first floor retail space enabled the affordable housing project to proceed with the housing financing."
- "The Section 108 loan made it possible for us to move forward on a major piece of neighborhood revitalization…and demonstrated to the neighborhood the city's commitment to neighborhood improvement, including public safety and the perception of safety in the area."
- "We saved our downtown from crumbling into an unsafe condition."
- The "project has been the 'springboard' to future development in the targeted area. New private investment has occurred on a small basis."

Respondents said that the creation of recreational facilities and parks has led to additional housing and reduced teenage crime and drug use. The creation of other public facilities, such as a fire station and a health center, added improved services for critical incidents in the communities. One project that created a senior center and related services led to business development and façade improvements in one downtown area. Some grantees mentioned that

[97] Grantees reported more than 1 outcome, thus projects can be classified under multiple categories.
[98] Further in text the reader will see that close to three-quarters of the respondents believed that their projects would not have gone forward without Section 108 funding.

Section 108 funding for a project allowed them to obtain additional funding for other projects adjacent to the Section 108 project or expand the existing section 108 project. Survey respondents gave the following examples:

- The Section 108 funding "included a new joint equity venture that provided outpatient space for…two large hospitals, bringing needed health services to one of our most distressed neighborhoods."
- "With use of the Section 108 funds the [name deleted] will be able to convey the 28 acre parcel… to create a new cultural center."

Grantees that the study team visited had similar observations. For example, one grantee said that its Section 108 project was part of a federally designated Empowerment Zone, created to promote public-private collaboration to stimulate job growth. The grantee stated that the assisted business would be able to take advantage of unique tax breaks and incentives due to its location in the area.

Importance of Section 108 Funds

Although over half of the respondents said (in response to a true/false question) said that half of their projects would not have happened without Section 108 funding, when it came to providing opinions in an open-ended question, the team found that three-quarters of the survey respondents (88) said projects would not have happened had the Section 108 financing not been available.

Most of the grantees (40) provided an either/or answer. These 40 said that the project would have been downsized, cancelled, or would not have happened at all. The others said the projects would have been delayed (19 grantees), downsized (11 grantees), or forced to seek alternate financing (four grantees). Other grantees said they did not have an opinion or did not know.

The grantees and field offices that the study team visited had varying opinions. Field office staff members in Los Angeles, San Diego, and Philadelphia noted the following:

- If the City of San Diego had not been able to secure a 108 loan, they probably would have explored bond financing. While the public may have approved funding for one part of the project, bond approval for other parts would have been more difficult to secure.
- Interviewees in the Philadelphia area indicated that the Section 108 program is not the best financing mechanism for all types of local economic development, but it is a useful tool.
- One grantee in the Philadelphia area indicated that one of its Section 108 projects, which involved land acquisition and site preparation, would not have occurred without Section 108. It required $10 million in funding and was too large for EDA programs and too speculative for the community general fund. If the project had been developed using bank financing, the $10 million loan would have had to be repaid from the general fund because CDBG would have been an ineligible source for repayment. Section 108 allowed CDBG funds to be used for loan payment prior to sale of the land and allowed this project to go forward.

Why Projects Need Section 108 Funds

The reasons the grantees gave for why the Section 108 funds were important varied, but they revolved around a limited number of themes: very large projects could not be completed using Section 108 only, and without Section 108 funds grantees would not have been able to leverage additional funding to complete the project; funds were cost effective; no other funds were available; the program allowed great flexibility; and grantees could borrow a large amount of funds. The following examples illustrate the thinking:

- A grantee responsible for a $168.1 million project to redevelop a hotel (located in a downtown area of a depressed inner city) into a mixed-use site consisting of a hotel/retail component, a residential component, and a parking garage said the project could have not been accomplished without the Section 108 funds. The Section 108 funds, totaling $18 million, financed the construction portion of the garage. The grantee said that without the Section 108 funds, "the project would have been delayed or not happened at all."
- A grantee responsible for a $67 million project ($7.5 million in Section 108 funds) to finance revitalization of a business center and a housing activity noted that without the Section 108 funds, the project "could not entice private development to be an active player, and that had been proven in the many years that the community residents

worked through a small area plan with no outside interest shown."

- A grantee responsible for a $50 million project to develop affordable housing restricted to families at extremely low and very low incomes said the project would not have been completed in a timely manner, would have been smaller, or not happened at all without the Section 108 loan of $10.7 million to secure the land.

- A grantee responsible for a $31.8 million project to develop a conference center in an urban renewal area said that the Section 108 loan of $7.9 million filled a financing gap that could not be filled by another source at that time.

From the site visits, the study team found examples of projects that grantees said they could not (or even would not) do without Section 108 funding. These typically are projects that cannot attract non-public funding. For example, one grantee near a large, northeastern city said that projects that are single-purpose establishments with specialized equipment (such as a $70 million seafood processing plant) cannot be easily converted for other purposes if the business is not successful. The grantee has several waterfront warehouses and buildings that need to be reengineered or revitalized in order to operate as a processor, packager, and distributor of fish products. The equipment for this type of establishment is expensive and specialized. Most private investors are not willing to invest in this type project without the Section 108 seed money. Should the business fold and there is no buyer that requires this type of manufacturing establishment, the project would default.

One staff member said that the current economic climate makes Section 108 more important than ever, given the cutbacks in funding by the state and by private foundations. Laws and referendums have also affected local governments by capping revenues from property taxes, and the current economic climate has exacerbated the problem.

Although there is some concern that Section 108 funds are substituted for nonfederal funds, this did not appear to be the case for survey respondents. Of the 88 respondents that elaborated on what would have happened without Section 108, approximately 61 percent (54/88) said that the project would not have happened at all. Also, almost a quarter said there would have been delays in securing other funds and the project would have accomplished less.

Summary of Outcomes Reported by Grantees

Table 32 summarizes the activities and outcomes based on the results of the Web survey. The projects counted include economic development activities, public facility activities, and housing-related activities. All 118 respondents noted one or more outcomes in their survey responses to the questions in Section G and question 57 and/or 58 H in the survey. Respondents could be listed in multiple categories.

Table 32. Summary of Outcomes

Categories and Activities	Number of Projects that Included Funding for the Activities	Number of Projects with Outcomes		Percent of Projects with Measurable Outcomes
		Complete	Partial	
Economic Development	58	26	25	87
Commercial /industrial construction and improvements	27	13	7	74
Business Assistance, including facilitating business expansion, providing job training and providing working capital	23	9	12	91

Continued on next page

Table 32. Summary of Outcomes (Cont.)

Categories and Activities	Number of Projects that Included Funding for the Activities	Number of Projects with Outcomes		Percent of Projects with Measurable Outcomes
		Complete	Partial	
Public Facilities	50	36	9	90
Construction	38	29	7	95
Acquisition of real property	20	13	3	80
Clearance and demolition	16	8	5	81
Cleanup of contaminated sites	6	3	1	67
Relocation	6	2	1	50
Housing	19	10	4	74
Construction	15	8	4	80
Infrastructure improvements	11	6	2	73
Rehabilitation of single and multi-unit residential housing or public housing, including modernization, efficiency improvements, lead-based paint abatement	7	5	2	100
Historic Preservation	4	3	0	75
Direct homeownership assistance	3	2	0	67

Most of the grantees that said their projects included economic development activities indicated that retail trade and the service industries (mostly the hotel and food-services sectors, followed by arts, entertainment, and recreation sectors) would benefit most. The most prevalent public facility activity funded was construction of parking facility, followed by multi-purpose facilities and recreational facilities. Grantees noted that most activities related to providing rental housing, and most benefits accrued to persons with disabilities or special needs.

Most grantees that the team interviewed discussed how they went about choosing projects and partners. Some grantees reported that representatives from the planning and development departments meet with the mayors, city managers, chamber of commerce representatives, and finance department staff members to discuss potential projects and possible funding sources. Eventually, city staff members generally determine which funding sources to pursue based on their experience with the various funding programs. One grantee researches federal sources of funds from the Catalog of Federal Domestic Assistance.

Project Funding

Federal funding for the Section 108 program has been relatively modest in recent years. New appropriations for the credit cost subsidy have ranged from $4 million to $7 million annually since FY 2003, supporting roughly $150 million to $275 million in new loan activity annually. In many jurisdictions, the Section 108 program is an integral piece of the redevelopment financing puzzle, but not the only one. Communities routinely link Section 108 with half a dozen or more federal, state, and local public-sector incentives to carry out a single redevelopment project. In addition, grantees often paired Section 108 funds with local TIF as a repayment source, which suggests that communities view these projects as worthy enough to forego future tax revenues in order to carry out a more ambitious redevelopment agenda. To date, there have been no loan defaults to private investors. HUD has never had to invoke its full faith and credit guarantee, nor has it utilized the credit subsidy it funds each year to reserve for future losses.

All but 11 survey respondents provided data on total funding amounts for Section 108 projects. According to the data provided, Section 108 loans made up less than 28 percent of the total funding allotted to projects. Eight projects were totally funded by Section 108 loans. Six of the eight projects were smaller, totaling less than $1 million. The other two projects commanded larger resources, but none was larger than $57 million.

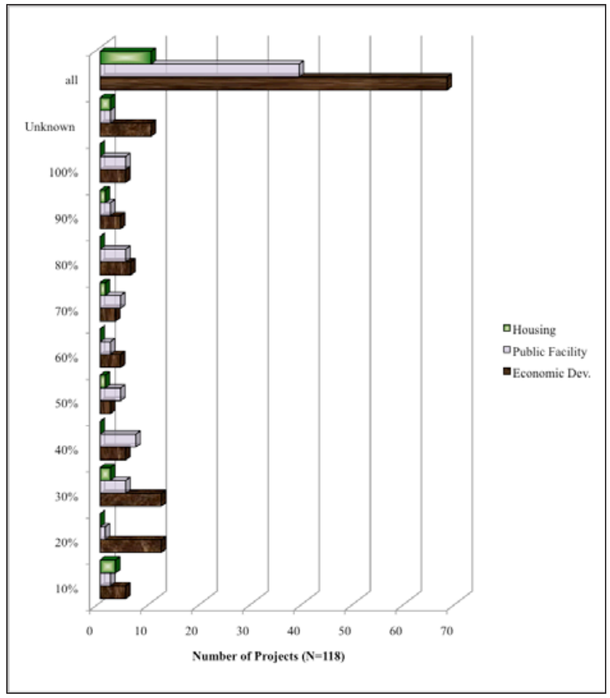
When the study team asked field office staff members how grantees determine what is attributable to Section 108 (in the case of projects with multiple funding sources), one staff member in Philadelphia noted that for large or expensive projects, accomplishments are generally split in proportion to funding (i.e., if Section 108 accounts for 20 percent of the total project funding, then only 20 percent of the accomplishments should be attributed to Section 108).

Figure 3 shows the share of funds devoted to economic development, public facilities, and housing activities. Of the 118 respondents, most chose to fund economic development activities that tend to improve, revitalize, or stabilize neighborhoods within communities. In general, activities under economic development are meant to help attract, retain, or expand the economy, such as businesses or services. For example, the majority of respondents said they used the funds to assist businesses in acquiring or expanding real estate. Others said they promoted economic opportunities by funding civic centers or farmers markets, assisted businesses with working capital, and developed industrial parks.

The second largest segment includes funding for publicly owned community-based projects. Grantees indicated that the activities included construction, rehabilitation, clearance, demolition, and other enhancements. Most respondents said their projects were designed to develop or improve parking facilities, develop parks or recreational facilities, or construct or renovate neighborhood facilities that provide social services or are multi-purpose use facilities.

The smallest segment includes housing assistance projects designed to provide or improve residential structures for LMI persons. Most funds went to housing construction and rehabilitation of residential structures for persons with special needs, the homeless, and elderly.

Figure 3. Distribution of Section 108 Funding

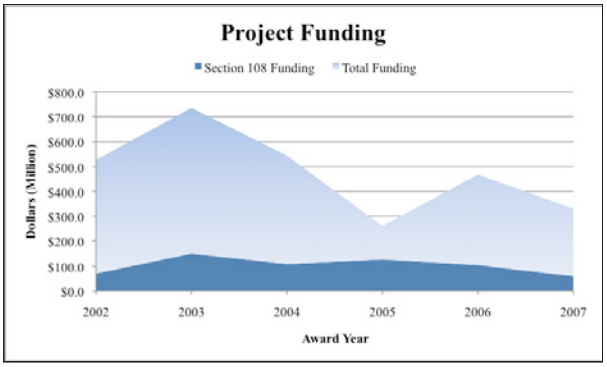


During site visits, the study team asked grantees and field office staff members to comment on the recent slowdown of Section 108 activity. Some field office staff members and grantees attributed the lower levels of funding to economic conditions, but several gave other reasons. Grantees in the Northeast and Northwest noted that Section 108 activity has slowed recently, either because a change in local politics has dictated a lower level of borrowing for economic development or because economic conditions warrant restraint. One grantee said that investment in economic development has slowed due to the economic downturn and has shifted toward programs that help existing businesses survive. Another grantee noted that the size of the projects can also depend on the size of the grantee.

A staff member in one field office noted that economic conditions may have had an effect on lower levels of borrowing but that some grantees may have reached their Section 108 limit (five times their CDBG allocation). Another field office staff member explained that grantees with large CDBG allocations tend to fund smaller projects directly from CDBG.

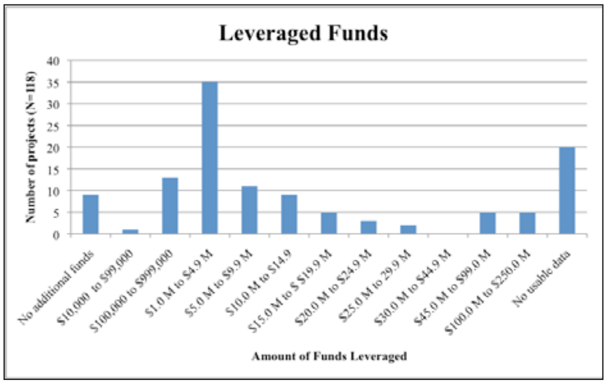
Figure 4 and Figure 5 show the funding amounts received by projects in each of the study years and the amounts leveraged by projects over the entire study period, respectively.[99]

Figure 4. Summary of Project Funding by Year of Award



The Section 108 awards for the respondent group ranged from $159,000 for a community center in California to $57 million for a comprehensive infrastructure improvement project in Texas. Grantees responsible for approximately 53 percent of the projects said they completed all or most of their activities, another 20 percent partially completed their activities, and 60 percent spent all or most of the funds.

Figure 5. Amount of Funds Leveraged



Most projects studied leveraged additional funds. Public facility projects tend to leverage less private funding than others. Slightly more than 50 percent of the projects that leverage under $10 million carried out public facility activities. Four of the five projects that leveraged over $100 million carried out economic development activities.

[99] These data represent Section 108 funding and total project funding for 106 projects in the study period. The data for the other projects were not available.

Status of Spending and Funding

Several questions in the survey asked grantees to report the overall status of accomplishments and spending. Survey respondents overseeing 96 projects described their projects' status relative to both total project accomplishments and funding. The other 22 did not report on the status of their accomplishments and/or spending, but most mentioned in their open-ended comments that it was too early in the process to evaluate outcomes. None of the grantees reporting on accomplishments noted which results could be ascribed to a particular funding source. Table 33 summarizes the project status for the 118 respondents and proportion of funds contributed to the projects by the Section 108 loan.

Table 33. Status of Activities, Spending, and Funding

Spending and Activity Status (N=118)	Number of Projects	Percent of Projects	Proportion of Section 108 Funds			
			Under 25%	26–49%	50–74%	75% and over
Spending and activities complete	52	44%	15	12	11	14
Spending complete and activities partially complete	21	18%	9	5	1	6
Spending incomplete and activities incomplete	5*	4%	1	0	1	2
Status unknown	22	19%	5	6	3	6
Total	117	100%	35	27	18	37

*Excludes one unknown whose identifiers were removed from the survey responses.

As can be seen from Table 33, the large majority of projects achieved positive results. Most grantees noted that at present their projects (44 percent) achieved most accomplishments and all or nearly all funds were spent. Another 18 percent achieved some accomplishments but spent all or most of their funds, and 13 percent achieved some accomplishments but some funds remained unspent. Some (two percent) had completed planned activities and had funds left over. It is not known what would happen to the left-over funds.

Chapter Summary

Accomplishment reporting on project outcomes is inconsistent. Although guidance is available, grantees see problems associated with reporting guidelines. Grantees are confused as to how to report, whether to report, and when to report accomplishments. Grantees interviewed during site visits were most concerned with how to report on job creation and retention.

The 118 survey respondents represent approximately $619 million in Section 108 funds and $2.2 billion in total funding from all sources. Overall, grantees reported that 55 projects had achieved all or most intended results (which the study team interpreted to signal completion), 69 projects had spent most or all funds, and 88 projects generated positive results.

Many survey respondents (88) gave opinions on the value of having Section 108 funds available. Most attested to the value added to their communities directly as a result of having Section 108 available. One grantee summed up the feelings expressed by most grantees by saying, "The Section 108 funded project truly was the glue that made all the pieces present a completed project." By securing a Section 108 loan, grantees are able to complete larger projects than they would without the funding and have the opportunity to secure additional funds.

Grantees responsible for 87 projects gave reasons for choosing to use Section 108. Approximately 67 percent (79/118) said that Section 108 funds were cost-effective or low-cost to borrow, that funds were not available from any other sources, and that Section 108 allowed them to borrow large amounts of money. Over half of respondents (63/118) said that funds were a catalyst for obtaining other federal and state funding.

In approximately three-quarters of the cases, grantees noted that without Section 108 funding the projects would not have happened at all.

Chapter 5: Performance Measures

One research objective for this study is to recommend program outcome measures and suggest ways they might be incorporated into HUD's operational procedures. The Department has a strong interest in ensuring that taxpayer funds are used in accordance with federal law and that funds are well spent. For this reason, performance measurement is an important public policy issue throughout the government, especially given the large amounts of money at stake. The Section 108 program is no exception, but at present, HUD has no organized method for collecting information on program outcomes, making it impossible for to determine whether projects are producing the intended results.

This chapter presents a framework for thinking about performance measurement, followed by a discussion of systems in use in the government and philanthropic sectors, current practice among Section 108 grantees, and recommendations for the creation of a performance measurement system for Section 108.

Background

In 2007, OMB's assessment of the Section 108 program found that HUD had established "no agreed upon long-term outcome performance measures for Section 108" and that "the program does not have a standard procedure for grantees to measure the extent of achievement…"[100] The U.S. Government Accountability Office (GAO) echoed OMB's criticism in a 2011 report titled "Government Performance: GPRA Modernization Act Provides Opportunities to Help Address Fiscal, Performance, and Management Challenges." GAO stated, "HUD does not track long-term performance outcome measures for its Section 108 program because the agency continues to lack a reporting mechanism to capture how program funds are used, an issue the Office of Management and Budget (OMB) reported on in 2007. Moreover, OMB also found in 2007 that the program's impact and effectiveness in neighborhoods remained unknown."[101]

The OMB assessment indicated that "if Section 108 becomes incorporated into the IDIS system, the recent ability of formula block grantees to use HUD's Performance Measurement Framework may facilitate capturing more standardized output and outcome data elements."[102] Possible uses of IDIS for Section 108 performance reporting are discussed in the following sections.

It should be stressed that the performance information referred to in this chapter pertains to the outcomes of the projects themselves. Loan performance information, understood as the timeliness of loan repayments, is collected by the Office of Community Planning and Development (CPD), which appears to maintain all of the relevant financial data needed to monitor this aspect of the program effectively.

Performance Measurement Model Framework

Performance measurement is the process by which managers assemble and review indicators of program accomplishments to determine whether programs are meeting their objectives efficiently and effectively. Just as OMB's assessment of Section 108 pointed to the lack of performance measurement as a weakness in the program, a similar assessment of the CDBG program came to a similar conclusion. In response to these earlier results, HUD issued a Notice of Outcome Performance Measurement System for

[100] See http://www.whitehouse.gov/omb/expectmore/detail/10009066.2007.html (accessed on July 18, 2011).
[101] See U.S. Government Accountability Office, http://www.gao.gov/products/GAO-11-466T (accessed on July 18, 2011).
[102] Ibid.

CPD Formula Grant Programs.[103] This Notice, along with other HUD documents, notices, and directives, forms the basis of the project team's approach to Section 108 performance measurement.[104]

Conventionally, performance measurement is thought of in terms of a sequence of activities that link program inputs with the outputs of these activities (see Figure 6).[105]

Figure 6. Performance Measurement Components

Inputs are the resources that are dedicated to or consumed by the program. Examples include money, staff and staff time, equipment, and supplies. Inputs also include constraints on the program, such as political context, laws, regulations, and requirements for receipt of funding.

Activities are what the program does with inputs to fulfill its mission. Examples include marketing programs, screening applicants, processing loans, and conducting inspections. Program activities result in outputs.

Outputs refer to the products or services that are delivered. Measuring outputs answers the question, "What has the program done to achieve its goal or purpose?" Outputs are typically measured in terms of the volume of work accomplished. In the housing field, for instance, typical outputs include the number of customers served, number of loan applications processed, number of units constructed, and number of homes rehabilitated. A program's outputs should produce desired outcomes for the public and/or program participants.

Outcomes refer to the benefits to the public/program participants. Measuring outcomes helps you answer the question, "What effect has the program had on its participants or the community?" Outcomes typically relate to a change in condition, status, attitudes, skills, knowledge, or behavior. Examples of outcomes include improved quality of life for program participants, increased housing stability, improved quality of the local housing stock, increased customer satisfaction, and revitalization of a neighborhood.

[103] See http://edocket.access.gpo.gov/2006/pdf/06-2174.pdf (accessed on July 18, 2011) and http://www.fhasecure.gov/offices/cpd/about/performance/notice/4970-N-02CPDnotice.doc (accessed on July 18, 2011).

[104] FR Notice Part III Department of Housing and Urban Development, Notice of Outcome Performance Measurement System for Community Planning and Development Formula Grant Programs, March 7, 2006, pp. 11470– 81; Section 108 Accomplishment Report Notes for Completing Worksheet, www.fairfaxcounty.gov/rha/caperattachment9fy2009b.pdf (accessed on July 18, 2011); Memorandum to all CPD Field Office Directors From: Nelson Bregon, Deputy Assistant Secretary for Grant Programs re: Section 108 Loan Guarantee Program Reporting of Actual Accomplishments, October 30, 2002; Basically CDBG, Chapter 8: Economic Development and Section 108, November 2007; CPD Performance Measurement Guidebook, July 7, 2006; Development of State and Local Performance Measurement System for Community Planning and Development (CPD) Formula Grant Programs, Notice: CPD-03-09; Guidelines For Preparing Consolidated Plan And Performance And Evaluation Report Submissions For Local Jurisdictions,

http://www.hud.gov/offices/cpd/about/conplan/toolsandguidance/guidance/doc/local_guidelines_11-09.doc (accessed on July 18, 2011); Guidance for Preparing a State Consolidated State Submission,

http://www.hud.gov/offices/cpd/about/conplan/toolsandguidance/guidance/state_guidelines.doc (accessed on July 18, 2011).

[105] Notice: CPD-03-09.

Outcome Indicators are the numeric measures of whether an outcome has been achieved. For example, if the desired outcome is increased housing stability, the outcome indicators might include changes in homeownership rates, the number of substandard units, or numbers of families moving out. There can be many indicators that help to support a particular outcome.

For Section 108, this structure might take the form of Table 34. (To simplify, the Inputs category is omitted.) The categories of Goals and Objectives are drawn from the Outcome Performance Measurement Notice and correspond to the broad CDBG purposes in the Housing and Community Development Act of 1974. The specific activities also come from the Notice, nearly all of which apply to common Section 108-supported projects.

Table 34. Framework for Section 108 Performance Data Collection

GOALS OBJECTIVES/ ACTIVITIES What the program does to fulfill its mission	INDICATORS/OUTPUTS The direct products of the activities or purpose of the activity	OUTCOMES Benefits that result from the program outputs
Expand Access to Decent Affordable Housing		
Acquire property to be used for permanent housing	Number of housing units constructed	Increased percentage of community units that are affordable and accessible (1) Improved physical environment (2) Improved quality of life for participants (3)
Retain the affordable housing stock	Number of housing units retained Number of units rehabilitated Number of units available	
Rehabilitate permanent housing and converting nonresidential structures into permanent housing		
Increase the availability of affordable permanent housing in standard condition to LMI families		
Provide homeownership assistance	Number of households assisted	Expanded community homeownership (1) Improved quality of life for participants (3)
Increase the supply of housing that includes structural features/ services to enable persons with special needs to live with dignity and independence	Number of elderly, disabled and special needs persons assisted	Improved quality of life for participants (3)
Foster Suitable Living Environment		

Continued on next page

Table 34. Framework for Section 108 Performance Data Collection (Cont.)

<table>
<tr><th>GOALS OBJECTIVES/ ACTIVITIES
What the program does to fulfill its mission</th><th>INDICATORS/OUTPUTS The direct products of the activities or purpose of the activity</th><th>OUTCOMES Benefits that result from the program outputs</th></tr>
<tr><td>Eliminate a specific adverse condition through acquisition, clearance, relocation, historic preservation, or rehabilitation to remove the condition</td><td rowspan="5">Number of buildings/facilities rehabilitated or made livable

Capacity of facilities assisted (square footage or capacity, e.g., day care slots)</td><td rowspan="2">Improved physical environment (2)</td></tr>
<tr><td>Improve neighborhood livability and viability</td></tr>
<tr><td>Eliminate deteriorating property and facilities in an area officially designated as a slum, blighted, or deteriorated/ deteriorating area.</td><td rowspan="2">Increase facilities and services available to LMI persons (1)</td></tr>
<tr><td>Increase access to quality public and private facilities and services</td></tr>
<tr><td>Promote activities to remediate housing that the local government certifies poses a serious threat to health/welfare of a community and the government is unable to finance on its own, or other sources are unable to carry out</td><td>Increase community health, safety and welfare (2)</td></tr>
<tr><td>Preserve and restore properties of special historic, architectural, or aesthetic value.</td><td>Number of properties preserved</td><td>Expand preservation (2)</td></tr>
<tr><td>Expand economic opportunities</td><td></td><td></td></tr>
<tr><td>Create and retain permanent jobs at least 51 percent of which are full-time equivalents held by LMI persons.</td><td rowspan="4">Number of jobs created or retained

Number of small business assisted

Number of businesses assisted</td><td rowspan="4">Increased employment in targeted occupations or wage and benefit levels (1)

Induced increases in numbers employed or wage and benefit levels (2)

Induced private investment in business start-up or expansion (3)

Expansion in retail, commercial, arts and entertainment and other community services (2)

Increased local tax revenue (2)</td></tr>
<tr><td>Expand small businesses (including micro-businesses).</td></tr>
<tr><td>Provide public services concerned with employment. Provide/upgrade infrastructure in connection with a business being built.</td></tr>
<tr><td>Provide financial assistance to a failing business</td></tr>
</table>

The Indicators/Outputs are also based on the Notice, although several have been added or otherwise modified to reflect common Section 108 project outputs. Note that, unlike the original notice, Table 34 does not establish a one-to-one correspondence between the activities listed in the first column and the outputs listed in the second. This is because a number of the activities have outputs in common. All of the outputs listed in the table are either currently collected by Section 108 grantees (although not necessarily reported to HUD) or are commonly reported by other performance measurement systems in community development now in use. The same is true of the relationship between the outcomes in the third column and the outputs in the second. In addition, the outcomes are coded into the following distinct types:

- Expanded Access and Targeting Outcomes.
- Community Outcomes.
- Individual Outcomes.

The following subsections discuss the three types of outcomes in detail.

Expanded Access and Targeting Outcomes

These are the ratio of outputs to the corresponding units in the population or community. For example, the creation of new housing units, almost by definition, increases the number of affordable units in a community. One corresponding outcome indicator is the percent increase in affordable units relative to the numbers of units in the community at baseline. As another example, the creation of new community facilities as locations of service delivery should be viewed in terms of the prevailing levels of service. For example, a 30-percent increase in the number of childcare slots available within half a mile of the new facility.

Although these outcome indicators are simple mathematical expressions that tie outputs (the numerator) to related community characteristics (the denominator), they can be thought of as genuine outcome indicators and not simple output measures for one important reason: their use focuses attention on the definition of geographic boundaries within which community betterment is expected to take place. This geographic focus may encourage consideration of other investments intended to produce effects in the same geographic area, which in turn may yield some of the community outcomes described in the next subsection.

A closely related set of measures pertains to the targeting of benefits to particular populations or communities where these are not obvious from the outputs. For example, a Section 108 grantee may have goals for the creation of affordable housing that reaches households at 30 percent of area median income. The efforts required to design the project and financial elements needed to achieve target goals, if they are achieved, should be recognized as performance relative to a population or community.

Community Outcomes

These refer to outcomes that are induced by virtue of the Section 108-funded outputs, either singly or in combination. For example, the demolition of blighted structures followed by the development of high-quality affordable housing units (both of which are outputs) may induce private investors to rehabilitate or build more housing units or create or expand neighborhood-serving commercial establishments. Investments in business establishments that hire large numbers of workers may create demand for goods and services supplied by local establishments, which in turn may hire workers or make improvements to their establishments that improve the physical surroundings of the area (if they are commercial or retail businesses). Because property, business income, and wages are subject to local taxation, increased tax revenues to support local government operations also are a community outcome.

Individual Outcomes

These refer to the benefits that accrue to individuals or households who are directly touched by project outputs (or resulting community outcomes). For example, individuals who reside in newly affordable units may free up income that can be used to advance their children's educational prospects. Households residing in neighborhoods in which increases in physical surroundings helped reduce crime may benefit from improved safety and reduced stress.

These individual outcomes have been included in the chart for completeness' sake, but they have never (to our knowledge) been tracked except as part of infrequent and large-scale academic research projects.

As Table 34 shows, there is no one-to-one correspondence between outputs (second column) and outcomes (third column). Especially in large-scale Section 108 projects, multiple and discrete investments may result in multiple kinds of outputs. For example, a mixed-income housing project on a former public housing site might include outputs such as drainage, streets, sidewalks, and open space, each of which is measured differently (e.g., lineal feet of culvert, lane-miles, lineal square feet, and acreage). However, all of these outputs would produce a single outcome, such as increased percentage of affordable housing units.

One of the difficulties in framing a useful performance measurement system is to identify outputs that are useful (i.e., meaningful to subsequent analysis).[106] In the mixed-income housing example, information about the number of housing units supported would be useful, but information about the length of storm culverts would be much less so.

Performance measurement is not synonymous with program evaluation or impact assessment, although it shares some concepts with them. Most importantly, performance measurement is characterized by activities that are recurrent, timely, and low-cost. It is intended to give managers enough information to identify worthwhile or less worthwhile activities. Unlike program evaluation or impact assessment, performance measurement is not immediately occupied with program outcomes or causal attribution except where these can be done routinely and inexpensively. A decision about which information to collect must strike a balance between information scope and quality, on the one hand, and the expense and timeliness of collecting it, on the other.

[106] While community development researchers acknowledge that outcomes are important, they are unanimous in pointing out the difficulty of measuring and analyzing them. For example, U.S. GAO, New Markets Tax Credit: Status of Implementation Related to GAO's Mandated Reports, 2002, especially pp. 18–27 on effectiveness evaluation; Hollister, Robinson G. 2007. "Measuring the Impact of Community Development Financial Institutions' Activities," in Financing Low-Income Communities: Models, Obstacles, and Future Directions, Julia Sass Rubin (ed.), New York, NY: Russell Sage Foundation, pp. 265–310; Julia Sass Rubin et al., "The New Markets Tax Credit Program: A Midcourse Assessment, Community Development Investment Review, 2005; and Dan Immergluck. What Might We Know? Research Design Issues for Measuring CDFI Subsector Impacts, 2006, http://www.prism.gatech.edu/~di17/Macarthur.pdf (accessed on July 18, 2011). Renu Madan, Fellowship Program for Emerging Leaders in Community and Economic Development "Demystifying Outcome Measurement in Community Development Programs" May 2007, p.13, http://www.jchs.harvard.edu/publications/communitydevelopment/w07-5.pdf (accessed on July 18, 2011).

Finally, while community development researchers acknowledge that outcomes are important, they are unanimous in pointing out the difficulty of measuring and analyzing them.[107]

Contemporary Practice in Community Development Performance Measurement

The Section 108 program enables state and local jurisdictions to make large-scale grant and loan investments in community and economic development activities. In this respect, Section 108 resembles other public- and private-sector investments in projects intended to yield a social return. Investors in such projects have created systems to collect and analyze information about the social impacts of their investments.

Our review of contemporary practice in performance measurement among social investors shows that nearly all reliably collected data pertain to outputs and not outcomes, although there are several exceptions, including the following:

- The National Community Investment Fund developed a methodology to measure the social impact of financial institutions based on the percentage of mortgage originations and purchases that are in LMI census tracts and the percentage of branch locations that are in LMI tracts.[108]
- A private-sector analogue to the National Community Investment Fund social impact methodology is the Impact Reporting and Investment Standards, which aim to become a recognized set of performance measures for investors who demand a social or environmental return. (In this respect, they are analogous to HUD "investors" in Section 108 projects.) For housing and economic development, these impact indicators are a standard stock of unit measures (number and value of housing units, number of businesses, and jobs created or retained), public and commercial facilities

[107] Evaluating Community and Economic Development Programs, http://www.urban.org/uploadedpdf/412271-New-Markets-Tax-Credit-Program.pdf (accessed July 18, 2011).

[108] Suaurabb Narain and Joseph Schmidt, "NCIF Social Performance Metrics: Increasing the Flow of Investments in Distressed Neighborhoods through Community Development Banking Institutions," in Community Development Investment Review, Volume X, Number X, pages 65-75. San Francisco: Federal Reserve Bank of San Francisco.)

square footages, and (for economic development investments in businesses) counts of suppliers and distributors.[109]

- The Department of Treasury's Community Investment Impact System collects information on the community benefits that result from Community Development Financial Institution (CDFI) Fund loans.[110] These benefits include information on business borrowers (sector and minority business women enterprise (MBWE) status), numbers of jobs created and maintained, housing units and affordable housing units financed, and first-time homebuyers assisted. The system contains a broad list of variables pertaining to business size, ownership, housing unit income levels, and other items, though most of the variables are of questionable value. The system includes capacity measures for public facilities investment, such as healthcare (patients) and schools (student seats), but not actual counts of beneficiaries.

- As an example of national community development intermediary practice, the Local Initiatives Support Corporation's management information system records housing unit counts and square footage and type of any non-housing real estate financed through loans or recoverable grants. The system includes narrative information on intended beneficiaries (such as homeless veterans or childcare) and estimates of capacity (e.g., number of childcare slots), although it does not standardize these outputs.[111]

- The Opportunity Finance Network, a consortium of community development loan funds, created its CDFI Assessment and Rating System to assure investors that CDFI participants are both financially sound and accomplishing their social mission. The impact performance rating is "based on an assessment of ….the CDFI's own evidence of how its activities contribute to its mission. It is not an assessment of the impact that the CDFI is having."[112] The assessment rates the collection and use of information on outputs and outcomes, but it makes no attempt to standardize and aggregate these data across the number of institutions rated. Instead, the rating system captures whether the CDFI in fact collects output and outcome data and uses them to improve its activities and effectiveness.

- The Opportunity Finance Network also sponsors the CDFI Data Project, which collects financial performance and some output information for participating CDFIs. Based on publicly available data from 2008, only the number of housing units and number of jobs are recorded. This is a substantial reduction in the number of output variables recorded in 2007, which was a reduction from 2006. It is likely that poor data coverage and quality account for the reduction.

These exceptions include "targeting outcomes," which consider outputs in terms of population or geographic characteristics (e.g., the percentage of loans made to persons earning less than 80 percent of median income), or "community outcomes," in which outputs produce a change in community characteristics.

Collection of Section 108 Performance Information

This section discusses the types of performance information described in Table 34. It identifies the output measures that seemed reasonable to collect based on their availability from local data sources and their value to performance analysis. It also indicates which types of outcomes information might be useful to this system.

The subsections that follow employ several criteria to determine whether a type of data collection is feasible (i.e., collected by other organizations that have set the most advanced standards in the field) and desirable (i.e., has value as an indicator of performance).

[109] Other measures include those pertaining to public health and education, which are not considered relevant for this analysis. See http://iris.thegiin.org (accessed on July 18, 2011).

[110] Most of the data in this system pertain to financial performance of the funds themselves, and not to the community benefits these funds produce.

[111] Attempts to standardize these data in the past have proven to be without value, largely due to the difficulty of developing standardized units for projects that have highly customized goals and types of benefits.

[112] See http://www.carsratingsystem.net/ratings (accessed on July 18, 2011).

Performance Information on Outputs

The study team's review of contemporary practice points to several types of output information that are routinely collected and seem to be of good quality. The team's survey of grantees and onsite reviews of Section 108 projects confirm that it is reasonable to expect grantees to supply basic output information as part of a Section 108 performance measurement system. Types of output information include the following:

- **Housing units.** Grantees in the survey appear to be able to readily supply the number of units supported in Section 108 projects and, of those units, the number that are affordable to those at or below 80 percent of median income.

- **Commercial and industrial square footages.** Where retail space is developed, all grantees can supply the number of square feet, and the same presumably would hold true for other commercial and industrial real estate.

- **Public facilities square footage or capacity measures.** Nearly one-half (45 percent) of Section 108 projects involve investments in public facilities. These commonly include parking, neighborhood centers, and recreation facilities, but there are others, such as health, childcare, and senior centers. Grantees can supply square footages, but it would be more meaningful to record, as the CDFI Fund does, capacity measures appropriate to each (e.g., the number of school children in a publicly financed charter school).

A number of Section 108 projects include investments in infrastructure (as do CDBG investments more generally), such as water and sewer facilities, streets and sidewalks, parking structures, and other facilities. Related outputs could be defined in terms of lane miles, lineal square feet, numbers of parking spaces, and a host of other specific output measures, though such data would not necessarily yield meaningful information. In view of the myriad differences across infrastructure investments and the resulting difficulty of developing meaningful benchmarks, it makes more sense to tie infrastructure improvements to ultimate project end uses and forego the collection of data on immediate infrastructure outputs.

Performance Information on Project Outcomes: Targeting and Expanded Access

None of the prominent impact-measurement efforts yields information on outcomes relevant to Section 108 analysis, except for those measures that could be described as "targeting outcomes." These are the percentage of project outputs that meet some threshold of beneficiary type (e.g., a recent analysis of CDFI performance in reaching minority borrowers).[113]

It is also possible to think about targeting performance in terms of geographic characteristics, especially since about three-quarters of Section 108 projects appear to involve some form of area benefit. HUD can easily identify these geographic characteristics by linking neighborhood or spatial impact boundaries supplied by grantees to census and other information maintained at HUD Headquarters. (This may be more easily done now with upgrades to the Department's Consolidated Plan mapping and data system.) The most important exception to this are projects involving housing, in which HUD can identify individual beneficiary types by income or special needs status. As for information supplied by grantees, especially as it pertains to individual beneficiaries, it is worth noting that the targeting study referenced previously found that 83 percent of transactions in the Community Investment Impact System database lacked information on the race or ethnicity of the individual borrowers, reflecting the difficulty of collecting individual-level data.

Leveraging performance refers to the availability of both financial data and information about other types of tangible assets that are tied to Section 108 project activities. For example, a Seattle housing project involved but did not directly include a food bank and a public health center. These might be considered part of the project by some and not by others, and a performance measurement system could provide for this by including a leveraged-outcomes category, in which closely allied investments that are simultaneous or nearly simultaneous could be counted as leveraged development.

Finally, outcomes in this category include the expanded access measures indicated in Table 34, in which project outputs result in some known

[113] Spencer Cowan, Danielle Spurlock, Janneke Ratcliffe, and Haiou Zhou, "Community Development Financial Institutions and the Segmentation of Underserved Markets," October 2008.

increase in the range or amount of services available to a population, expressed in terms of a percent increase in affordable housing units, healthcare slots, day care slots, elementary student seats, or other community service. Some economic outcomes fall into this category, as well, as when the location of new supermarkets expands community access to fresh food or removes a specific targeted area from the U.S. Department of Agriculture's food desert classification.

For example, the Libby Lakes Community Center in Oceanside, which was visited for this project, is a nonprofit mall containing a health clinic, after-school educational and social programs, veterans' assistance, food services, a job training center, and a police desk/community room. (Each of these has implied outcomes beyond access, such as reduced teen pregnancy, improved veterans' health, etc. However, as noted earlier, these outcomes are nearly impossible to collect on a routine basis and should be ignored for performance measurement purposes.)

Economic Development Outcomes Performance

Because so many Section 108 projects pursue economic development, measuring economic development performance warrants extensive discussion.

One-half of grantees used Section 108 funds for economic development. Of these, one-half funded infrastructure (though not necessarily exclusively). As with the example of the Seattle housing project in the preceding section, these infrastructure investments are intended to support job generating activities, which are the appropriate unit of performance measurement analysis.

About one-half of projects appear to be qualified on the basis of job creation, which should be straightforward in terms of employment outcomes. All of the CDFI performance data efforts that we reviewed collect job creation (or maintenance or retention) data, and it is reasonable to expect any Section 108 performance measurement system to do the same. The Web survey and site visits both support the availability of these data, indicating that job figures are available for about 90 percent of projects, and of these, job slots "filled by low-and-moderate income persons" appear to account for 90 percent.

It is important to note that these figures are unaudited. They may well represent the job targets in the project documents at the time the project was financed, the job creation or retention figure at the time project participants reached their hiring target, or the actual count at the time the survey was fielded. Most of these data appear to be from reports filed by employers, although in some instances, payroll data were apparently supplied to the local agency to substantiate job claims.

In theory, there are many other economic development outcomes that could be included in a Section 108 performance measurement system. These primarily include outcomes pertaining to job characteristics, supply chain effects and other multipliers, creation of economic clusters in the same and related industries, and tax revenue generation.

Several CDFI efforts and Section 108 grantees collect information on job characteristics, including information about the jobholders and whether jobs come with health benefits. Oklahoma City does both with one of its Section 108 projects. The city operates a business loan program that requires borrowers to report on the number of new employees hired, their employment status at the time of hire, and whether the position comes with health insurance.

Although some grantees collect information on job characteristics, it does not appear to be a frequent occurrence, nor does the quality of the data collected appear to be particularly good. Moreover, about one third of economic development projects involve third-party loan pools, which complicate the reporting of even basic job counts, let alone information about job quality, employee characteristics, or other outcomes data.

Interviews with HUD and local economic development officials conducted as part of this research indicate support for collection of basic job counts, assuming that HUD supplies the appropriate methodologies and guidance. For example, city staff members in Boston questioned the appropriate treatment of full- or part-time workers and construction workers (whom they wanted to include as part of project performance). In theory, jobs data are available from state offices that administer the unemployment insurance program, although most states appear not to have developed the protocols needed to ensure public (or even intergovernmental) sharing of these jobs data for individual businesses.

Local jobs data, however, are available from the Department of Labor's Longitudinal Employment Dynamics system, which is fed by these same state offices. However, the quality of job reporting by place of employment has proven to be uneven.[114]

Additional economic development performance information beyond simple job counts was collected in only one case study site. The large computer company project in Oklahoma City reported wage levels of the jobs created (with an average wage of $40,000), but this was a very large project for which wage subsidies were an explicit part of the city's (non-Section 108) portion of the overall financing package.

In this same project, the city planning department projected direct and indirect property value receipts and sales tax receipts that would result from the project, but it is not clear that they will ever track these. In this and other projects, local tax revenue could be obtained from city or county departments of finance and revenue, at least in theory. In practice, sharing of tax revenue data from individual tax-paying entities or from small areas is often problematic. Many offices of finance and revenue are reluctant to share tax data for individual businesses, especially for taxes on business revenues and income.

Finally, Oklahoma City claims that the plant will attract nearby investments in housing and commercial activity similar to that surrounding other of computer company's sites in other cities. The following section discusses effects like these.

Community Outcomes Performance

Community outcomes are among the most important of the expected benefits of Section 108 projects. They are easy to conceptualize—most managers can tell researchers what kinds of community benefits they expect—but they are difficult to collect data on. It is unrealistic to expect that Section 108 grantees would track community outcomes on a routine basis. Only a few municipalities have access to the types of data on neighborhood change that are collected and stored by the various neighborhood indicator projects around the country. Even fewer routinely track neighborhood change, even when they have declared special target areas for community development investment.

[114] For example, multi-location firms have been known to report employment by the location of the headquarters or other central administrative unit, and not by the actual site of employment.

In this section, the team recommends two basic ways of capturing information. The first is to provide managers with an opportunity to indicate, qualitatively, the types of benefits the project is expected to produce. The second is to merge economic and social data into the performance measurement system at intervals, allowing federal managers (and local agency staff members) to track changes in neighborhoods over time.

Although in the first instance, qualitative reporting of expected outcomes, quantitative data on community outcomes will not be available on a routine basis, program managers almost always have a good idea of what kinds of outcomes they expect from their Section 108 investments. HUD should expect them to identify and describe these outcomes. Later, HUD program managers may want to know more about them outside of the routine collection of performance measurement data (e.g., through the execution of evaluation contracts or special data collection activities carried out in-house and in response to policy questions that arise). This means that any performance management system must enable grantees to identify categories of outcomes without requiring them to supply the relevant monitoring information.

In the second instance, HUD can take advantage of the increasingly large amounts of longitudinal neighborhood information to track changes in neighborhoods after Section 108 investments are made. This would require field office staff members to supply information on the geographic boundaries of the areas they expect will capture project benefits. It would also require Headquarters staff members to supply the economic and social data needed to track changes over time.

About one-half of projects are part of a geographically targeted revitalization effort, which increases the likelihood that grantees would be prepared to report spatial boundaries through a performance measurement system. About one-half of grantees produced social and economic information for areas surrounding project activities. Nearly all grantees that report information obtain it from census sources.

However, very few grantees appear to track this information over time as part of a community outcomes monitoring process. An earlier HUD study on performance measurement in community development found this to be true.[115] A few exceptions are instructive. The performance management system used by Charlotte, NC, tracks each neighborhood using a Quality of Life Index that is periodically updated by a local university. This index is not updated annually. It is unrealistic to expect neighborhood housing, labor, and commercial markets to respond to any but the largest-scale investments in a one- or two-year period. Similarly, the city of Cleveland monitors neighborhood trends routinely. Charlotte does not link output and community outcome measures.

Closer to the community outcomes monitoring effort HUD should consider is the Local Initiatives Support Corporation's ongoing effort to track a battery of housing and other indicators for each of its 105 target neighborhoods. These monitoring reports draw upon federal sources of information, such as mortgage data reported under the Home Mortgage Disclosure Act, resident employment and earnings data from the Department of Labor's Longitudinal Employment Dynamics database, income information from the IRS, and vacancy data from the U.S. Postal Service.[116] They are made available through an agreement with the Department. These data can be easily merged into a performance system for each of the local geographies supplied by grantees.

One principle of effective performance measurement systems is that the information contained in the system be of use to frontline managers, not just to administrative superiors or agency sections responsible for accountability. Should HUD create reports on community outcomes for Section 108 grantees that have designated spatial impact areas, these could be of immense value to local officials as they consider the effectiveness of their local investments.

As a concluding comment, collecting information on neighborhood outcomes, however valuable, can never be used as an unambiguous performance measure because of the confounding effects noted elsewhere. For example, some neighborhoods will display strong performance because other public programs have made large investments (e.g., in transit facilities) in a favorable market environment. Other neighborhoods will display weak performance because they are unsupported by other investment, and the market context is weak. Only econometric analysis, which cannot be done routinely, can unpack these various effects to determine whether Section 108 or other community development investments are responsible for any observed changes.

This does not mean that neighborhood outcomes should not be tracked routinely through the method advised here, only that the interpretation of results is far more complex than for activity outputs. Because managers have an incentive to know whether their neighborhoods are changing but a disincentive to embrace full accountability for this change (in view of the many other sources of change in addition to community development investments), a performance measurement system that incorporates community outcomes data should be considered to be less a "performance" system and more a "monitoring" system useful for all the parties involved.

Capturing and Classifying Project Accomplishments and Outcomes

As noted previously, monitoring Section 108 can be difficult. HUD field offices have two principal means for gathering data and evaluating a grantee's performance: the Consolidated Annual Performance and Evaluation Report (CAPER) and IDIS. Although grantees can report their Section 108 project activities in the CAPER, IDIS does not provide grantees with an opportunity to report on Section 108-assisted activities.[117] Headquarters does not receive CAPER copies and, therefore, must rely on performance data obtained from the field office to assess Section 108 performance. Despite the directives and guidance materials issued by HUD that provide opportunities for monitoring Section 108 projects,[118] the study team has not been able to find any instances of compliance with the Section 108 reporting requirements.[119]

[115] Cunningham, James, Chris Walker, Marsha Tonkovich, Andrew Zehe, and Elizabeth Dudley 2005. Promising Practices in Grantee Performance Measurement. (Washington DC: HUD Office of Policy Development and Research).

[116] Employment and earnings reported for employees by residential location does not appear to suffer from the same flaws as the reports for employees by job location, mentioned under the section, Economic Development Outcomes.

[117] Forthcoming revision of IDIS to incorporate Section 108 in 2012 may assist in this case.

[118] See www.hud.gov/offices/cpd/library/monitoring/doc/5-1.doc (accessed on July 18, 2011); http://www.hud.gov/offices/cpd/about/conplan/pdf/108accomplishmentsmemo.pdf (accessed on July 18, 2011); www.hud.gov/offices/cpd/about/conplan/108projectsworkbook.xls (accessed on July 18, 2011); http://www.fortworthgov.org/uploadedFiles/HED/Housing/2010_caper_03a.pdf (accessed on July 18, 2011).

[119] HUD records the results of grantee monitoring in a Grants Management Process (GMP) system. The review team did not examine GMP, but interviews with HUD staff members indicate that they rarely, if ever, conduct onsite monitoring of Section 108 projects.

Because the CAPER is the only way grantees report Section 108 accomplishments information, the team selected 20 CAPERs at random from communities that had received Section 108 funds during the study period. The team found that CAPERs clearly do not contain enough information for HUD to assess program accomplishments. Only two of the 20 CAPERs that were reviewed referenced the Section 108 program activity, and only one noted project accomplishments. Although the number of CAPERs examined was small, the fact that none of the Section 108 project descriptions was sufficient for evaluating accomplishments is conclusive that the CAPERs are not sufficiently descriptive to evaluate outcomes.

Currently, grantees use IDIS to enter, maintain, and report on projects and activities that support the four Community Planning and Development formula grant programs: CDBG, HOME, Emergency Shelter Grants (ESG), and Housing Opportunities for Persons with AIDS (HOPWA). These IDIS data reside on a mainframe but are entered through a recently improved, user-friendly interface. The system provides a mechanism for grantees to draw down funds and for HUD to track progress as funding occurs. Grantees enter accomplishments annually or upon activity closeout, as required by HUD.

According to HUD's Financial Management Division, IDIS does not include Section 108 loans because of other priority work needed to make IDIS more useable and workable for major grantees. While including Section 108 in IDIS could help Section 108 acquire more timely information and improve the effectiveness and efficiency of the program, it may not guarantee results. For example, most programs for the homeless are not included, and the HOPWA program derives much of its progress reporting from a hybrid system using IDIS data and data collected outside of IDIS. Both homeless and HOPWA programs gain high marks on OMB reviews. The CDBG program, which is included in IDIS, does poorly on OMB reviews.

In the 2007 OMB performance review, HUD proposed including Section 108 data in IDIS to collect timelier, credible performance information from grantees; to use the data to manage the program; and to improve performance. While including Section 108 in IDIS is feasible and may be the most cost-effective approach, it should be evaluated along with other options with a focus on improvements that provide the most benefit with minimal cost for HUD and grantees.

Using IDIS to Capture Section 108 Performance Data

HUD tracks progress on Section 108 projects through a mainly manual process and houses the information in a microcomputer system at Headquarters. It is reasonable to examine using IDIS to track Section 108 accomplishments and funding because the system is currently operative, and grantees are familiar with the applicable screens used to fund and draw drown monies. Additionally, HUD tracks related information, such as Section 108 repayments from CDBG funds, and grantees report on Section 108 projects in Excel worksheets transmitted with annual plans.

In IDIS, "projects," "activities," and "activity funding" are all terms with special meaning. Annually and under the consolidated plan, grantees enter projects that they intend to undertake as part of their annual plans. Grantees may plan to fund these projects with a mix of HUD programs and other public or private sources. As grantees are ready to commit funds to parts of these projects, they subdivide projects into activities and enter them in IDIS, assigning each a specific purpose (matrix code) that it is designed to accomplish. Grantees may fund these individual activities within IDIS with monies available under the formula programs and, as needed, draw down funds into their own accounts in IDIS to implement these activities. Grantees report expected and actual outputs in IDIS for each activity and also separately for each program, with more specific program-related accomplishments.

One grantee staff member who was interviewed for this report said that including Section 108 in IDIS would be convenient, although it would add another step to the CDBG-related reporting process. In the grantee's opinion, there is also the risk that Section 108 and CDBG data will intermingle, particularly given the extended timeline for Section 108 projects relative to CDBG projects that do not generate results for two or three years after completion.

Alternatives for Capturing Performance Data

Develop a Hybrid Microcomputer System. One approach would be to develop a hybrid IDIS/microcomputer system to collect and report performance measurement information. Alternative approaches would rely on various combinations of an enhanced microcomputer system coupled with other Web-based systems to facilitate data entry and data reporting. No matter which approach might be taken, improvements to the program would require improvements to the quality of the data and the way that the data are used.

Grantees would fund an activity with a grant record established by HUD and identified with a unique grant code indicating program type, source code and type, recipient code and type, fund type, and fiscal year. This subgrant record would include the loan amount, date approved, and summary of funds committed and drawn.

Grantees would request funds through IDIS, and Financial Management Division staff members would approve the requests and submit a file to IDIS on a periodic basis. The files would show whether each payment is approved, pending, rejected, on hold, canceled, or revised. As needed, HUD would be able to record a loan repayment by adding a record to the IDIS drawdown file and having IDIS treat the record as a collection.

Field offices and grantees, as well as Headquarters, would be able to view IDIS screens with data on the Section 108 loans. Based on system rights, they might request existing reports, such as the grant drawdown report and activity summary report, to view characteristics of the Section 108 loans.

Initially, grantees would continue to provide detailed application and progress reports separately to Section 108 staff members, who would enter them into the microcomputer system. HUD would use these data, along with data downloaded from IDIS, to analyze program performance in terms of outputs and outcomes to improve the program and provide public information.

Use the Grant Reporting System. Subsequent to the 2007 OMB review, which identified IDIS as an approach for collecting and reporting Section 108 performance data, HUD developed other information technology system capabilities that could provide cost-effective and timely solutions. The CDBG office developed and has since made significant improvements to the Disaster Recovery Grant Reporting system. This system allows grantees to report accomplishments and funding for disaster recovery activities under plans approved and funded by HUD. The Disaster Recovery Grant Reporting system was sufficiently robust and malleable that HUD chose to modify this system to support reporting under the 2010 Neighborhood Stabilization Program. The system is under the management of the Block Grant office and may be more responsive to the needs of the Section 108 program.

Improve Current Section 108 Microcomputer System. Another option would be to make improvements to the microcomputer system that currently houses Section 108 data so as to allow access by grantees and field offices and to allow entry of progress reports over the Internet. This option may require more Financial Management Division staff support for the system. The option would require a new, small Web system for HUD to manage and might utilize standard off-the-shelf software that the Department has for such use. Potentially, the grant management software developed for HUD to support e-grants could be a candidate for supporting part of this application.

For all alternatives to the IDIS solution, many of the features described for the IDIS option would apply. HUD would need to validate the Section 108 database. The HUD standard codes and methods for identifying grants and identifying accomplishments would still apply, so grantees would still need to create activities and projects so as to fit with IDIS.

Chapter 6: Findings, Conclusions, Implications, and Recommendations

Section 108 is one of the most flexible and easily obtainable sources of large-scale funding available to communities. The flexibility allows communities to address varied needs and to support projects ineligible for other forms of public financing. The scale allows communities to make significant investments upfront in addressing their needs. This chapter focuses on findings and recommendations related to the Section 108 program in the field. This chapter also discusses findings and recommendations related to performance measurement tracking accomplishments.

Program-Related Observations

Section 108 activity slowed in the later portion of the study period. This was confirmed through data analysis and by at least one grantee visited by the team. Although the grantee attributed the slowdown to the economic downturn, the field office staff provided an additional possible reason for the slowdown. Field office staff believed that another factor in the slowdown is that many heavy users of the Section 108 program prior to 2002 (e.g., the city of Philadelphia, PA) had reached their Section 108 total funding limit of five times their CDBG amount and could not apply for a new Section 108 loan until some of their existing loans were repaid.

Grantees give the program high marks. The Section 108 grantees that participated in the Web survey, site visits, or telephone discussions were mostly positive about the benefits of the program. In general, grantees believed that although future CDBG funding could be in jeopardy, they were willing to apply for the Section 108 funds. Some of the field offices that the study team visited noted that if a grantee structures a project correctly, there is no risk to the grantee's CDBG funds. Two grantees reported that city managers scrutinize Section 108 projects prior to applying for funds, because they definitely do not want to threaten future CDBG entitlement allocations.

Some of the larger grantees noted that the Section 108 program allows them to borrow a large amount of funds at a low, fixed interest rate. This enables them to carry out "larger and longer-term projects" and relend the funds to third-party borrowers at a somewhat higher rate, allowing them to repay Section 108 loans without tapping into their CDBG funding.

Grantees find the program useful. For grantees that fund large projects, neither the Section 108 loan nor private financing alone can successfully develop all projects, particularly those in markets where the costs of land, labor, and materials are very high, or in cases where the project requirements are so specialized that they cannot be easily transferred to other uses. Large or specialized projects are apt to be financially unworkable or prohibitive if Section 108 funds do not generate additional funding. Sometimes the only way to deliver a project that is beneficial to the community is to use the Section 108 loan as seed money to be able to access private financing. Examples of large projects include the following:

- A $70 million seafood processing plant. The equipment for this type of establishment is expensive and specialized. Most private investors are not willing to invest in this type project without the Section 108 seed money. Should the business fold and there is no buyer that requires this type of manufacturing establishment, the project would default.
- A $168.1 million project to redevelop a hotel (located in a downtown area of a depressed inner city) into a mixed-use site consisting of a hotel/retail component, a residential component, and

a parking garage said the project could have not been accomplished without the Section 108 funds. The Section 108 funds, totaling $18 million, were used to finance the construction portion of the garage. The grantee said that without the Section 108 funds "the project would have been delayed or not happened at all."

- A $67 million project ($7.5 million in Section 108 funds) to finance revitalization of a business center and a housing activity, noted that without the Section 108 funds the project "could not entice private development to be an active player and that had been proven in the many years that the community residents worked through a small area plan with no outside interest shown."

Grantees use Section 108 in combination with other federal programs. Grantees that the study team visited in two regions use Section 108 frequently. However, they do so in conjunction with other sources of funds, including new markets tax credits and historic tax credits. Mixed-use projects also draw on affordable housing funds.

Grantees see some drawbacks to the Section 108 program application process. Some grantees noted that the application process can be long and time-consuming. Two grantees suggested that improvements are necessary. Two grantees suggested that HUD Headquarters should streamline the application process and be more aware of the time sensitivity of these development projects.

Grantees and field office staff members mentioned additional drawbacks to applying for Section 108 funds. Some field office staff members that the team interviewed believed that grantees, particularly those without the benefit of counsel or at least field office personnel familiar with underwriting and real estate development, are particularly vulnerable to jeopardizing future CDBG funds (several grantees confirmed this). In addition, some Section 108 grantees noted that in order to make Section 108 an attractive vehicle for economic development financing, they must comply not only with CDBG rules (like HUD's National Objectives) but also many other federal requirements (such as Davis-Bacon Act wage standards) that make reporting complicated.

Performance and Accomplishment Tracking Observations

The usefulness and success of the program is not evident to the public. The amount of reliable project outcome data that is currently available at the local level for outcome measures varies by project. In general, local officials do not formally record or report outcome data for Section 108 projects unless reporting is included in the requirements of another funding source. For example, a major jobs-creation project that used Section 108 funds provides regular employment reports to the mayor's office but not to the community development office that administered the Section 108 funds.

Local reporting is limited to an entry in the jurisdiction's CAPER. This entry can range from one row of a summary table to a one-page narrative, although the trend in the CAPERs the team examined is toward a few rows in a summary table and no narrative.

There are obstacles to reporting useful accomplishment data. Grantees noted they face numerous obstacles in tracking outcomes and accomplishments, including the following:

- Privacy concerns and resistance from employers hamper job reporting. It is difficult for employers or grantees to legally determine employee income and demographics. Employers are reluctant to share information on the number of employees, wages, and turnover. Job reporting is also constrained by an unclear understanding of a "job." For example, is a "job" a full-time position, an FTE, 40 hours per week (even if performed by two or more part-time employees), a part-time position, or something else?

- Public facilities accomplishments are by nature difficult to measure. As one grantee put it, "we can't put a turnstile at the entrance to the park."

- It can be difficult to separate the outcomes and effects of a Section 108 project from other projects and efforts in the same area. Many Section 108 projects are geographically targeted and are part of a wider neighborhood revitalization or community development effort. For example, one grantee attributed a drop in neighborhood crime to a Section 108 project but also noted new anti-gang laws and new ownership for a troubled apartment building in that neighborhood.

The grantees and field office personnel the team interviewed considered Section 108 projects complete when they achieved a defined goal, such as 20 jobs created or five parks built. Once the project achieved its goal, there was little effort in follow-up tracking, such as checking to see if the 20 jobs still existed one year later. Both grantees and field office personnel stated that they thought follow-up and long-term tracking was a poor use of limited resources.

Monitoring Section 108 loans can be difficult. Though HUD provides guidance for monitoring Section 108 projects,[120] field offices often lack sufficient information to do so. CPD field offices have two principal means for gathering data and evaluating a grantee's performance: the CAPER and IDIS. Although grantees can report their Section 108 project activities in the CAPER, IDIS currently does not provide grantees an opportunity to report on Section 108-assisted activities. HUD Headquarters does not receive CAPER copies and, therefore, must rely on performance data obtained from the field office to assess Section 108 performance. Planned revisions (2012) of IDIS to incorporate Section 108 reporting more fully may improve this situation.

Experts in the field of performance measurement suggest a model for evaluating performance. In general, the literature indicates that grantees can manage a performance measurement system (which shows the relationship between goals, inputs, activities, outputs, and outcomes) that addresses the question,[121] "What does the program do to achieve its goal or purpose?" This study found that there is no one model for evaluating performance.

The extent to which Section 108 grantees have established well defined outcome measures and collected data on those measures for their projects varies across survey respondents. Almost 73 percent of respondents reported outcomes, but the remainder provided no information on outcomes. Grantees cited many reasons for not being able to report on outcomes, including not having a staff member that was involved in the project, not following through with the project, not having started the project but planning to do so in the future, not having completed the project, or being in the midst of revising the project activities and objectives. One grantee had no record of having received funds for a Section 108 project,[122] and another had two different project numbers for the same project.

Some grantees (approximately 36 percent of respondents) described important sources of data used to track outcomes. Most grantees said they used U.S. Census data. Other sources cited were American Community Survey reports, Neighborhood Revitalization Strategy Area Plan, HUD LMI data, and annual reports provided by project owners. To track benefits to limited clientele, grantees used Annual Reports provided by nonprofits, client applications, registration forms, and rental records. To track housing benefits, grantees used annual audits, annual occupancy reports, client files, resident income data, and owner-operator reports.

Recommendations

HUD may want to consider the following:

- Revising the Section 108 application procedure to streamline and/or simplify the process. The program office should examine other HUD grant and loan programs, such as the Capital Fund Finance Program, and apply successful components of those application processes to the Section 108 application process. The application process should also collect information related to performance measurement in a structured manner so that each project has an easy-to-use baseline and clear goals comparable across the program.[123]
- Providing additional support and technical assistance to grantees and field offices regarding economic development projects. If structured correctly, a Section 108 economic development project can pay for itself, an attractive option for communities—particularly given the current budgetary climate.
- Developing a formal procedure for approving and recording changes to Section 108 projects after the initial application is approved. This should include instances where the scope of the project changes, where the amount of Section

[120] See http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/library/monitoring/handbook#5 (accessed on August 25, 2011).
[121] HUD Notice: CPD-03-09.

[122] The grantee reported that the project was cancelled, though HUD records contained no record of cancellation. As of the writing of this report, the matter has not yet been resolved.
[123] The program office suggests that this recommendation is not supported by the findings explained earlier in the report, lack of structure was not a major grantee concern, and that the flexibility of Section 108 as part of the CDBG program was of greater value to potential grantees.

108 funds used changes, where the Section 108 funds are not used, and where multiple Section 108 loans are applied to the same project.

- Developing a formal procedure for recording and reporting on individual loans from a Section 108-funded loan pool, as loan performance for these investments is not reported and HUD has little evidence of their effectiveness.

- Providing technical support to field offices and grantees in measuring and reporting project status and accomplishments.

- Requiring a short (one- or two-page) "close-out" report when a project is completed. An example of such a report, produced by Oceanside, CA, is included as Appendix B.

- Seeking funding to integrate Section 108 reporting into IDIS.[124]

- Developing performance measures based on the initial findings in Chapter 5 that could be used to more accurately and systematically determine Section 108 benefits and results. In order not to reinvent the wheel in trying to set up a performance measurement system, it is advisable to attempt to learn from the CDBG program and other agency development programs as to what works and what does not work. Also, consider providing guidance to future Section 108 applicants regarding a requirement that they identify outcome measures for proposed projects, as well as how capturing such data would be integrated into HUD oversight procedures.

- Exploring the feasibility and usefulness of a full impact assessment of the Section 108 program. Conducting an impact assessment of the Section 108 program is beyond the scope of this study and would be an extremely challenging undertaking because it requires establishing causality—evidence that the program explicitly brings about observed outcomes. The dynamic and multifaceted aspects of communities make it very difficult to establish causal connections between program inputs and outcomes. That is why many serious academic and government researchers over the past decade have questioned whether it is generally possible to determine rigorously whether economic development projects like those funded by Section 108 are the cause of observed community outcomes. A full impact assessment involves having a counterfactual—identically matched neighborhoods or communities or some form of controlled experiment to know what would have happened in the absence of program interventions.[125]

[124] HUD has previously attempted to modify IDIS in order to incorporate the use of Section 108 funding and provide for reporting of outcomes information on Section 108. This modification was delayed due to lack of funding. However, HUD has now established the incorporation of Section 108 into IDIS as a priority component of the HUD Transformation Initiative. The modification is tentatively scheduled for phased implementation in September and December of 2012.

[125] See, for example, U.S. General Accounting Office, New Markets Tax Credit: Status of Implementation Related to GAO's Mandated Reports, 2002, especially pp. 18–27 on effectiveness evaluation; Hollister, Robinson G. 2007. "Measuring the Impact of Community Development Financial Institutions' Activities," in Financing Low-Income Communities: Models, Obstacles, and Future Directions, Julia Sass Rubin (ed.), New York, NY: Russell Sage Foundation, pp. 265–310; Julia Sass Rubin and Gregory M. Stankiewicz., "The New Markets Tax Credit Program: A Midcourse Assessment, Community Development Investment Review, 2005; and Dan Immergluck. What Might We Know? Research Design Issues for Measuring CDFI Subsector Impacts, 2006, http://www.prism.gatech.edu/~di17/Macarthur.pdf (accessed on July 14, 2011).

Appendix A: Data Sources and Methodology

The study team relied on several different data sources for the study, among them HUD data files and data sets, the Web survey, and the site visits. There were various challenges to obtaining verifiable and complete information. As explained at the end of this section, the team combined the information from all sources to be able to describe the Section 108 program.

This report relies on the Section 108 Project Number to identify unique Section 108 projects. During data collection, it became clear that while the Project Number was the best identifier available, it did not necessarily correspond to unique Section 108 projects. Econometrica discovered approved Section 108 projects that received a new Project Number as a means to extend the time limit for using the funds. In a number of cases, the new Project Number was assigned without a formal application. Some Section 108 grantees did not spend funding for an approved project (with a Project Number) and rolled those funds into another Section 108 project, so that one Section 108 project can have two or even three Project Numbers.

General Procedures

We took an iterative approach to building the database for this study. The first step was to capture the information available on HUD's Web site on the Section 108 projects funded from FY 2002 through 2007. There were over 300 Section 108 projects funded. HUD's "Section 108 Loan Guarantee Program" Web page has links to summaries of projects funded in FYs 2002, 2003, 2004, and 2006. The "Project Summaries" pages further link to individual state pages, thus the project summaries are spread over more than 100 Web pages. The program office at HUD provided the team with summaries of projects funded in FYs 2005 and 2007, which were not on the Web site. The project summaries were copied into a Microsoft Excel.

The second iteration was to merge the project summaries with the Financial Management Division's master list of Section 108 projects (a dBase file), LAMS, and any other electronic data source. This match helped us establish correspondence to physical project files. During this iteration, we added any additional information, such as Brownfields Economic Development Initiative (BEDI) amounts (found on the BEDI Web site), provided by the HUD project manager or available publicly.

The third iteration involved a review of the physical project files at HUD Headquarters. The data extracted from the file review was converted into a Microsoft (MS) Access application. The last iteration merged the Web survey results and information gleaned from site visits and conversations with field office personnel and Economic Development Officials during the site visits.

Data Sources

The basis of the sample of Section 108 projects analyzed was a copy of a dBase file maintained by the Director of the Financial Management Division, which tracks each Section 108 project.[1] The team selected the 329 projects from the dBase file with cohort years 2002 through 2007. Using the Project Number as a primary key, the team merged the dBase file with other HUD administrative data to create a description of the Section 108 projects based almost solely on the application materials. The Web survey results, again with the Project Number as a primary key, provided descriptions of the Section 108 projects as they were implemented. Also collected were various data sets and reports on select

[1] Since the team's review, the dBase file has been converted to a monthly Excel file that is available to the entire Headquarters program staff. The converted Excel file is also included in a funding matrix for all grantees that will be posted on CPD's Web site.

Section 108 projects. These data were not included in the primary analysis file, but they were used to provide additional information and context as needed and applicable.

In addition to the data sources that follow, Econometrica collected reports and data sets containing information on a limited number of Section 108 projects. None of these data sources provided additional information for enough projects to be included in the primary analysis file. The main table in the LAMS database (provided September 2009) tracks project financial information, similar to the dBase file. All other tables in the LAMS database with project information covered only a limited number of the 329 projects. All Section 108 grantees are required to report on Section 108 activities in their Consolidated Annual Performance and Evaluation Reports (CAPER), but this information is limited, not standardized, and difficult to acquire as the CAPERs are not necessarily available electronically. The Section 108 activity report in a CAPER can range from a half-page narrative to one row in a table. The Philadelphia field office provided a Mid-Atlantic LAMS Report and a one-time Mid-Atlantic Accomplishments Report (provided January 2010) covering Section 108 projects in its area. The Seattle field office provided a similar NW-Alaska Status Report (provided October 2009). The HUD Web site also has summary information on BEDI and Economic Development Initiative (EDI) projects and, thus, on the Section 108 projects tied to the BEDI/EDI grants (accessed in October 2009). Finally, if a Section 108 project is monitored by a HUD field office, a monitoring report is entered into HUD's Grants Management Program database. Because so few Section 108 projects are monitored, Econometrica did not request access to the monitoring database.

Descriptions of data sources and a discussion of data collection issues follow.

HUD Headquarters Administrative Files

In November and December 2009, the study team used an electronic data collection tool to capture key information from HUD Headquarters administrative files for the Section 108 projects. The administrative files only contained the Section 108 application materials and related approval documents. Key information collected from these files includes project sources and uses of funds, National Objective, public benefit standard, and eligible activities. Twenty-one of the 329 projects did not have administrative files at HUD Headquarters, and another 12 files were incomplete and of limited use.

Information obtained from HUD Headquarters also included a dBase File (November 10, 2009). The Director of the Financial Management Division maintains a dBase file tracking financial information on all Section 108 projects. The dBase file includes Project Numbers, recipient jurisdiction names and states, loan amount and other financial information, application year, approval year, and HUD field office. Econometrica used these data to determine which projects to examine for this report. All 329 projects are included in the dBase file.

In addition the Financial Management Division prepares summaries of approved Section 108 applications for internal use and public relations. These summaries can be found on the HUD Web site.[2] Econometrica copied the summary text and additional information (project category, Section 108 amount, total project cost, grantee, state, and year) into an Excel spreadsheet in September and October 2009. Five of the 329 projects did not have a project description on the HUD Web site.

HUD Headquarters Administrative File Review. Each file was reviewed in a sequential fashion, using a standardized data collection tool to ensure that data was extracted consistently. Reviewers used an electronic data abstraction tool created in Microsoft (MS) Access to document key data items from each file. In the reviews, the Econometrica team focused three key documents—the Section 108 application, the worksheet used by HUD's staff to summarize and evaluate the application, and a summary memorandum prepared by the Financial Management Division. The reviewer skimmed additional documents contained in the administrative files, such as requests for project amendments and email correspondence, for supplemental information.

[2] See http://www.hud.gov/offices/cpd/communitydevelopment/programs/108/index.cfm (accessed on May 17, 2011).

For each reviewed file,[3] we obtained data (where available and as applicable to the individual project) for the following:

- Section 108 Project Baseline Information:
  - ◊ Project Number.
  - ◊ Project Name.
  - ◊ Jurisdiction and State.
  - ◊ Project Address and Census Tract.
  - ◊ Section 108 Amount.
  - ◊ Program Office Staff and Date Assigned.
- Project Need and Description:
  - ◊ National Objective.
  - ◊ Project Type.[4]
  - ◊ Project Description.
  - ◊ Project Specifications: Planned.
  - ◊ Project Specifications: Amended.
  - ◊ Public Benefit Standard.
  - ◊ High Profile Issues.
  - ◊ Eligible Activities, Amounts and National Objective Codes.
- Sources and Uses of Funds:
  - ◊ Leveraged Funds: Planned Sources.
  - ◊ Leveraged Funds: Planned Amounts.
  - ◊ Use of Funds: Planned Uses.
  - ◊ Use of Funds: Planned Amounts.
- Project Benefits:
  - ◊ Types of Public Facilities.
  - ◊ Types of Infrastructure.
  - ◊ Number and Type of Housing Units.
  - ◊ Businesses Assisted.
  - ◊ Number of Jobs (Total Jobs and Low-Moderate Income Jobs).
  - ◊ Human Development Activities.
  - ◊ Commercial and Industrial Square Footage.
  - ◊ Number of Parking Spaces.
- Project Status:
  - ◊ Start and End Dates.
  - ◊ Project Preparedness at Time of Application.
  - ◊ Extent of Project (e.g., Number of Phases).
- Contact Information:
  - ◊ Local Contact Information (Name, Position, Address, Phone Number, and E-mail Address).
  - ◊ HUD Field Office Contact Names, Positions, and Phone Numbers.
  - ◊ Number and Amount of Previous Section 108 Projects.

Data for each of the fields listed above was entered into the electronic file (described above) on site, using a laptop computer. The reviewers developed coding schemes for narrative fields, as needed. These coding schemes enabled us to "roll up" data from these files and provide tabular presentation of the aggregated data.

The reviewers had a lead data collection coordinator on site that trained the team and provided quality control by reviewing a sample of data items extracted by reviewers. The accuracy of these data items was verified by a random review of the hard-copy file of every tenth file extraction completed by the team.

The Econometrica Team entered all data extracted from the files into a single data set. The rollup of the information was available for. Codes were developed for data from narrative fields so that data from those fields can be included in the tabular presentation of aggregated data.

[3] Not all files from the cohort of Section 108 projects were available at the time of the file review. Out of 323 projects funded from FY 2002 through FY 2007 that we identified for review, we were able to review 302 files. At the time of the review, 21 files were not available for review. The projects for which the files were not found were eliminated from the analysis.

[4] "Project type" typically refers to Economic Development, Housing, and Public Facilities, but since we could not collect this information from the files, we decided (for now) to use the category listed in the HUD Web site description.

HUD Headquarters Administrative Data Collection Issues.[5] The administrative file review focused on the Section 108 application files, which are but one component of the records system. HUD also maintains financial files, which the team did not review.

The HUD Headquarters administrative application files examined by the team are maintained in brown accordion folders that hold loose, often unbound, documents. The folder contents are not standardized, nor are the contents organized in any particular order. Most folders contain numerous, undated and unlabeled copies of the same document such that it is unclear which is the definitive version.

The program office staff said they rely on their ability to telephone grantees as needed to learn about project implementation, project-level financial transactions, outputs, and achievements. This information, when acquired, does not appear to be systematically recorded or added to the project's administrative application file. The team found for example, based on the Web survey and site visits, a number of projects have changed their scope or were cancelled, yet this information was not available in all HUD Headquarters administrative data examined by the study team.

A separate financing file is established for each Section 108 loan when HUD executes a guarantee. According to the program office, this file contains all loan documentation, including commitments, guarantees, advances, and repayments. In the program office's words, "it becomes the crucial record for Section 108 loans." The financial files are kept in separate folders that appear well organized and complete. The team reviewed approximately 10 of these financial files and determined that they did not contain unique information relevant to this research effort.

The project summaries on the HUD Web site are based on the Section 108 application materials. While gathering this data, FY 2005 and FY 2007 project summaries were not available on the HUD Web site at the time of the file review.[6] The Financial Management Division provided summaries for those two years. In the end, the study team was not able to obtain summaries for five Section 108 projects from any of the data sources.

Econometrica's review of the HUD Headquarters administrative files focused on three specific documents:

- The primary document is a summary memorandum prepared by the Financial Management Division. Most files contained multiple copies of the summary memorandum, sometimes dated or marked "draft." For most files, it is unclear which copy of the summary memorandum is the most recent and/or "final."
- The second document is a fairly standardized long form used to evaluate an application. It includes a table containing Eligible Activities, Budgeted Amounts, and National Objective Codes. Some files contain multiple undated copies of the long evaluation form. Changes in eligible activities, budgeted amounts, and National Objectives due to project amendments and revisions to the application may not be reflected in this document.
- The third document is the original Section 108 application. There is no standard format for an application, although some field offices provide a "Section 108 Sample Application Form." The program staff has since been informed that Section 108 is part of the CDBG, and there is no standard form for the documents submitted as part of the application. The original Section 108 application provides additional details about the project and jurisdiction, but the team found that it often does not reflect any modifications or amendments to the project. The project staff has since pointed out that the information and documentation from the application files are transferred to the financing files when the loan is guaranteed.

The data collected during the administrative file review are not necessarily precise, timely, or complete. At the time of the review, the program office could not find administrative application files for 21 of the 329 projects, and 12 other files contained minimal information and were of limited use for this research. The program office staff has, at the time of this writing, informed the team that the files exist and are available and that application files are transferred to the financing files when the loan is guaranteed.

[5] The program staff reviewed a draft of this report and provided comments on some of the conclusions the researchers reached based on the file review completed in August 2009. The program office staff provided clarifications to those findings. This Appendix includes those clarifications.

[6] Since November 2009, HUD has updated its Web site; the Web site now includes Section 108 project summaries for projects approved from FY 2002 through FY 2010.

HUD Field Office Reporting and Recordkeeping

In addition to the above data sources, HUD has issued several directives and guidance materials for the purpose of providing opportunities for monitoring and reporting on Section 108 project accomplishments.[7] However, the study team found few examples of this reporting in full compliance with the directives and guidance issued by HUD.

All grantees are required to include reporting on their Section 108 activities in their CAPER. Because Section 108 is a very small portion of the CAPER, it is often overlooked by grantees. Usually, but not always, the field office will notice the omission and ask the grantee to revise its CAPER. There are no format or content requirements for reporting Section 108 activities in CAPERs, and the report ranges in size and content from a half-page narrative to one summary row in a table.

The field offices keep administrative folders for the Section 108 projects. Based on files reviewed during the site visits, the field office folders contain Section 108 application materials, including detailed information on the secondary collateral pledged by the grantee, and other information on the progress of the project as provided by the grantee or gathered during monitoring or review of the project. This information was not organized in a standard format across the five field offices visited by the study team, nor did the files contain forms or summary documents standardized across the five field offices visited. Like the Financial Management Division, the field offices rely on their ability to telephone grantees as needed for information. The field offices staff also said they rely on the CAPERs, even though the team found in its brief random review of some CAPERs that the information reported in the CAPER lacks detail. Overall, the field office staff visited by the team had a good idea of what each of the grantees was doing and were aware of the nuances of their respective programs.

[7] See www.hud.gov/offices/cpd/library/monitoring/doc/5-1.doc; http://www.hud.gov/offices/cpd/about/conplan/pdf/108accomplishmentsmemo.pdf; www.hud.gov/offices/cpd/about/conplan/108projectsworkbook.xls; http://www.fortworthgov.org/uploadedFiles/HED/Housing/2010_caper_03a.pdf (accessed on August 31, 2011).

Because Section 108 is not a factor in the risk analysis methodology used by field offices to determine which projects are subject to formal monitoring, few Section 108 projects are monitored. (Section 108 projects are monitored when they include a separate HUD grant that factors into the risk analysis.) Chapter 5 of the Community Planning and Development Monitoring Handbook Volume I provides instructions for monitoring Section 108. The monitoring information is entered into HUD's Grants Management Program system.

During the study, the team attempted to collect all data that the field offices were advised to keep on the Section 108 loans and projects within their jurisdiction to verify and, in some cases, fill in data gaps based on HUD HQ administrative data. There were multiple challenges to get credible data at the field-office level. Much of the information was gathered during the site visits. HUD Section 108 program related records and data are not always available, and when available their content is not comparable across projects or reporting documents. For example, although the Financial Management Division has a dBase file with financial information on loan performance, including draw downs, comparable data at the grantee level do not always match. Another example is the monitoring summaries entered by the field office into the Grants Management Program system, which do not always contain the same information available in the HUD Headquarters or field office administrative files.

Site Visits

The site visits were an essential step in the four-part approach that the team devised for this research because some data are difficult to capture in a written description and can be obtained only by direct observation. In December 2009 and March and April 2011, the study team conducted site visits to 10 Section 108 projects—representing five field office jurisdictions—in Pennsylvania (Berks County and the City of Chester), Oklahoma (the City of Oklahoma City), Washington (King County and the City of Seattle), California (the Cities of Oceanside and San Diego), and Massachusetts (the Cities of Boston and Lowell). Each site visit took place over a 3-day period.

There were five key factors guiding the selection of projects to visit: (1) five cities were selected, and two projects in or near each city were visited; (2) three of the cities were Philadelphia (the preliminary site visits), Boston, and Seattle, so that the team could speak with the Economic Development Specialist in the three field offices; (3) at least one loan pool was visited; (4) at least one project with a significant housing component was visited; and (5) each project completed the Web survey.

The 10 sites were purposively selected from the pool of survey respondents. The study team made every effort to diversify by geography, activity type, project characteristics, and location (metropolitan versus rural). The site visits helped the team to fully understand the nature and effectiveness of the Section 108 program at a small number of representative sites. The visits provided qualitative data that allowed the team to probe for more in-depth information than can be obtained through a survey. These follow-up discussions with more than 40 city managers, urban planners, mortgage bankers, and other community development specialists at the 10 projects allowed the study team to obtain their perspectives, probe the survey results, and get feedback on how HUD could help enhance community development efforts. The site visits also allowed the team to speak with local officials to learn more about potential program overlap with other relevant programs. The team used the site visits to supplement and enhance the survey results during the analysis phase. Analysis of site visit data contributed depth to this final report and led to better recommendations for program operations and future research in this area. Insight and examples gained from the site visits are presented throughout this report. Econometrica offered confidentiality to grantees during the site visits.

Table A.1. Section 108 Site Visits

Visit Dates	Field Office	Project Number	Project Name
December 8 to 10, 2009	Philadelphia	B-02-UC-42-0003	Berks County PA Food Industry Park
		B-01-MC-42-0005	Chester PA Barry Bridge Park
March 21 and 22, 2011	Oklahoma City	B-04-MC-40-0003-B	Oklahoma City OK Micro-Enterprise & Revolving Loan Program
		B-04-MC-40-0003-C	Oklahoma City OK Dell Corporate Business
March 30 to April 1, 2011	Seattle	B-02-MC-53-0005	Seattle WA Brownfields Redevelopment Loan Pool
		B-04-UC-53-0001	King County WA Greenbridge Community Redevelopment
April 4 to 6, 2011	San Diego	B-03-MC-06-0542-D	San Diego CA "Food Bank" Retrofit
		B-01-MC-06-0547	Oceanside CA Libby Lake Community Center
April 27 and 28, 2011	Boston	B-05-MC-25-0002	Boston MA Dudley Executive Plaza
		B-04-MC-25-0014-A	Lowell MA Lawrence Manufacturing Mills Project

In order to adequately prepare for the field research, the study team conducted two preliminary site visits to obtain contextual information to enhance the value and explanatory "power" of subsequent survey and site visit data. These preliminary site visits confirmed the information the team developed from the administrative file review and further informed the depth of questioning that could be supported through the Web survey.

The study team also used the experiences from the preliminary site visits to inform the process and procedures for conducting the remaining eight site visits.

The remaining sites were selected from the pool of grantees that complete the Web survey. These eight sites were selected in a **deliberative or non-random fashion.** The team followed the same procedures that we used in the preliminary site visits. The standard procedure asks the Financial Management Division Director to contact the field office Directors in whose jurisdiction the selected project is located. With assistance from the Economic Development Specialist or other staff member in the field office, the team established contact with the eight grantee representatives, project contacts or coordinators, and any other accessible informant who was likely to have information on relevant federal programs. The team worked through the field office to identify a week when it is possible to meet on site with a high proportion of the recommended contacts. Once the availability of the contacts was confirmed, the team sent to the field office Director the list of topics we were likely to cover during the interviews.

Site Visit Protocol—Summary. Prior to the visit:

- Compile Section 108 project information from HUD administrative files and HUD Web site, containing descriptions, time periods, and dollar amounts for all Section 108 projects that are identified by HUD sources as having been funded from FY 2002 through FY 2007.

- Send the information to HUD's Director of the Financial Management Division to coordinate the pre-site-visit interview with the economic development specialist in the Field Office and the Section 108 project coordinator.

- Conduct an interview with field office Economic Development Specialist responsible for Section 108 to compile the respondent roster, verify the project information (sent to the field office Director in advance), and schedule the visit.

- Develop the respondent roster (with the help of the field office Director) to identify: (1) the Section 108 project coordinator (if different from the name in the files); (2) staff representatives responsible for data collection and reporting on outputs and outcomes; (3) local staff person with responsibility for other economic development programs; and (4) others recommended by field office contacts.

- Develop Pre-coded Field Report Forms that correspond to each major project/activity supported by Section 108.

Site Visit Mechanics. The site visit component of each case study took 2 to 3 days on site. The interviews were conducted by two members of the study team. Prior to the site visits, one of the Principal Investigators and the Data Collection Manager convened the site visit researchers to establish a clear understanding of the task. The primary method of information collection during the site visits was an open-ended discussions with the contacts identified for a specific project.

Topics to be covered with the Field Office staff: Verify information obtained from HUD's administrative files and Web site regarding the project's history; review the project's goals, accomplishments, and outcomes; collect information on baseline data, monitoring data, Consolidated Annual Performance and Evaluation Report (CAPER) data, and/or electronic files available from Field Offices to assess project status and outcomes.

Topics to be covered by the Econometrica Team with the grantee or project coordinator:

1. Description of the project, including: (a) eligible activities, (b) eligible applicants, (c) types of financing available, (d) geographic restrictions; (e) administering agency.

2. Use of Section 108 instead of other federal programs available for some of the same activities. The plans and priorities for using Section 108 grant funds. What made Section 108 useful as a tool to meet the objectives?

3. Project accomplishments and outcomes.

4. Project challenges, successful strategies, anticipated benefits, and problems faced.

5. Monitoring or reporting data or reports the grantee maintains.

While on site, team members visited and photographed the projects. At the end of each site visit, the interviewers debriefed the other team members or provided site visit notes.

Web Survey

Econometrica conducted a Web survey of grantees representing 296 grantees to confirm information in HUD's administrative files, gather information on project implementation (including outcomes and outputs), inquire about funding sources, and learn about the grantees' experience with and opinion of the Section 108 program. Grantee respondents provided data on 118 projects, and grantees representing another 22 projects replied that those projects have not used their approved Section 108 funds.

The Web survey was the primary source of information used in this study for information on the actual activities, accomplishments, and outcomes of Section 108 projects. The survey was also used to collect original information needed for the analysis of program overlap. The survey received OMB approval on September 16, 2010 (OMB Approval

Number 2528-0261). Econometrica launched the survey on November 3, 2010, and closed the survey on April 22, 2011.

The survey is 57 questions long (not including sub-questions), although the use of skip logic means that most respondents were asked about half as many. The survey questions related to the Section 108 experience. Neither the questions nor the results were weighted, and all items were treated equally. The survey questions were straightforward designed to be answered by local staff—including representatives from cities, subrecipients, and other local entities involved in implementation of a Section 108 project—without difficulty. The survey did not require respondents to provide an answer to each question before being allowed to answer subsequent questions. This allowed the respondent to answer questions for which he or she had information on hand, prior to answering those that require the respondent to seek additional information from other sources. Grantees were given confidentiality in their survey responses.

The Web survey was divided into eight sections as follows:

A. *General Project Information*. This section collected basic project information on the purpose, funding level, and amount of funds drawn down for the project; identified the nature and amount of project funds from sources other than Section 108; and was used to verify information obtained from HUD Headquarters administrative files.

B. *Assistance to Specific Businesses, Nonprofits, or Government Agencies*. This section gathered information on the amount and types of assistance provided to specific businesses, nonprofit organizations, or government agencies who operate as subrecipients of Section 108 loans.

C. *Third Party Loans (Loan Pools)*. This section gathered information on the number of loans made under loan pools, the purposes of these loans, the dollar amount of loans, and other information about loan terms.

D. *Economic Development*. This section collected information on the types of economic development activities undertaken, including those carried out through assistance provided to business or loan pools. The team also asked for a self-assessment of the status of these activities.

E. *Public Facilities*. This section asked detailed questions about the types of public facilities made available under Section 108, the means through which they are provided, and the status of these activities.

F. *Housing*. This section asked detailed questions about the types of housing-related activities undertaken, the characteristics of the housing, types of beneficiaries, and the status of housing-related activities.

G. *Outcomes*. This section collected information on the National Objectives served by the Section 108 activities, along with project outcomes by individual objectives and other outcome measures.

H. *Conclusion*. This section asked questions about the potential for program overlap, the grantee's overall experience using Section 108, and ways that the program might be improved.

To implement the survey, Econometrica required a valid email address for the "primary respondent" from each grantee. This person received the email invitation to enter the Web survey (including a URL, username, and password) and was responsible for completing the Web survey. The first question in the Web survey asked if the respondent is the appropriate contact person for the specific Section 108 project and, if not, allowed the respondent to identify a new "primary respondent."

Econometrica requested that HUD provide the contact information for the "primary respondents" for each Section 108 project included in the survey. The contact information from HUD was largely inaccurate, and Econometrica received 11 undeliverable survey invitations, six respondents that contacted Econometrica directly to say that they are not involved in or have no knowledge of the specific project, and 25 respondents that identified a new "primary respondent" in the first question. Econometrica conducted follow-up telephone calls to grantees that had not responded after four weeks, and discovered 36 additional Section 108 projects with inaccurate contact information.

In total, Econometrica sent survey invitations to "primary respondents" for 296 Section 108 projects approved from FY 2002 through FY 2007. Econometrica did not survey the 22 projects in Puerto Rico or the projects under the Pennsylvania Consortium; the field offices were contacted directly for the information. Econometrica also did not send survey invitations to the two projects under investigation and the six projects identified prior to launching the survey that declined or deobligated the Section 108 funds.

Of the 296 projects, 181 "primary contacts" (61 percent) responded in some form to the survey (168 online and 13 by direct contact with Econometrica). Of these, 118 indicated that Section 108 funds were used and provided complete responses, although eight of the 118 did not answer the required question on National Objectives. There were 22 projects that responded that Section 108 funds had not been used, not including the six projects identified prior to the survey.

Survey Invitation. The invitation to the Web survey read as follows:

The U.S. Department of Housing and Urban Development (HUD) needs your feedback as part of an evaluation of the Section 108 program. HUD's Office of Policy Development and Research (PD&R) has contracted with Econometrica, Inc., a research and consulting company in Bethesda, MD, to conduct an independent evaluation of the Section 108 program. The overall purpose of the study is to assess the program's effectiveness and to identify areas for improvement.

A key part of this research is learning about project activities and outcomes through use of a web-based survey. This information is needed to address comments from the Office of Management and Budget (OMB) and respond to requests from Congress, but will also help HUD develop performance measures and implement procedures to collect accomplishment data from recipients of Section 108 funds.

You have been selected to participate in this web survey because a Section 108 award has been made to your jurisdiction during Fiscal Years (FY) 2002 through FY 2007. While your participation in this survey is ***voluntary***, it is very important that you respond. What you tell us will affect the continued ability of the Department to make available Section 108 loans for local economic development.

Each web survey applies to a particular Section 108 project. To begin using the survey, you will need to enter your email address and a password. For the survey of project: Dane County WI East Badger Road Redevelopment, project number: B-01-UC-55-0003 and project year: 2002, your password is as follows: *XXXX*.

Before you begin, you might want to view and print the entire survey and special instructions, which are provided as PDF files:

[Links for Survey and Special Instructions]

When you are ready to begin, please use the link, below: [*Link to start the survey*] * Do not click on the "Exit Survey" button in the survey unless you intend to exit the survey without saving your responses. If you exit the survey without saving your responses, please use the Start Survey link in this email to restart the survey.

This survey is confidential. Your answers will never be associated with your name or email address. This survey should take you about 45 minutes to complete. If you have any questions about the web survey or the study, please do not hesitate to call [*Name of GTR at HUD and number*] or [*Name of Contractor and number*]. We will be pleased to talk with you.

Thank you in advance for your assistance.

Sincerely,
Stanley Gimont
Director, Office of Block Grant Assistance
U.S. Department of Housing and Urban
Development

Survey Instructions. The instructions for the Web survey read as follows:

Before you begin answering survey questions:

1. The web survey asks questions about a particular Section 108 project. In order to respond to the survey questions, you may find that other members of your local Section 108 team need to be consulted. It may be easier to complete the survey if you first print a copy (in PDF format) before answering any survey questions.

2. To print a PDF file with all the survey questions included in the Web version of the survey, return to the email invitation and click on the link, "View PDF file". You can print the survey or save it to your PC for viewing later on. For example, while taking the survey, you might want to review the content of questions that you have already answered. Once you have submitted answers to questions in a particular page or section, **the survey software won't allow you to go back.**

3. In some instances, your local tracking of project outcomes may combine or refer to two Section 108 awards together, as if they were one project. If you are unsure which Section 108 project is being asked about in the web survey, please call Priscila Prunella at Econometrica Inc. at 240-333-0243 before gathering and reporting information on this project.

When you are ready to begin answering survey questions:

1. Click on the link provided in the email invitation, enter your email address and password, and follow the instructions on the screen.

2. You do not need to complete the entire survey in one session. At the end of each section or page of the survey, you will be able to save your results and continue later on. If you choose to "save page and continue later," you will receive a follow-up email with a link provided that will allow you to re-enter the survey where you left off.

3. The terminology and categories used in this survey are also used in the Community Development Block Grant (CDBG) program and reported by grantees to HUD through the Integrated Disbursement Information System (IDIS). If you would like to review or confirm the meaning of the activity categories or national objectives, these are available in Appendices A and B of the IDIS training manual, available at this link:

   http://www.hud.gov/offices/cpd/communitydevelopment/training/CDBGTrainingManual.pdf

4. When you answer the last question in the survey and click on "Continue", your survey results survey will automatically be transmitted to Econometrica and included in the study. We appreciate your cooperation!

Contents of Web Survey. The following shows the contents of the Web survey in their entirety:

***The OMB number and the title of the survey will be displayed at the top of each screen on the Web survey*. Organization of the Survey**

A. General Project Information*

B. Assistance to Specific Businesses, Non-Profit Organizations or Government Agencies

C. Third Party Loans (Loan Pools)

D. Economic Development

E. Public Facilities

F. Housing

G. Outcomes*

H. Conclusion*

Asterisked (*) sections should be completed for each project. Other sections would be completed as applicable for the project.

Please Note: This was distributed as a Web-based survey instrument. In the Word version below, you will not see the effect of skip logic where it is used, nor will you see all the pop up boxes that appear asking for explanatory text.

A. General Project Information

This survey concerns the Section 108 loan guarantee for project number X originally approved in X; known as the X; with the following purpose: X X X X X X X

1a. HUD has provided your name as the contact person for this project. Are you responsible for this project?

☐ Yes
☐ No 1a. If "no", please provide the name and phone number for the contact person.

1b. Is the project name stated correctly?

☐ Yes
☐ No 1b. If "no", what is the correct project name?

1c. Is the purpose stated correctly?

☐ Yes
☐ No 1c. If "no", what is the purpose?

The amount of Section 108 funds approved for this project as recorded by HUD is ${custom2}.

2a. Do you agree that this is the HUD-approved amount?

☐ Yes
☐ No 2a. If "no", what is the HUD-approved amount?

2b. If no to question 2, Please explain how you arrived at this corrected amount. For example, is your corrected amount based on receiving more than one Section 108 approval for this project?

3. Please indicate the total amount of Section 108 funds that have been drawn down for this project through the current date.

____

____

____

Please select date of the most recent drawdown:

Month

☐ January
☐ February
☐ March
☐ April
☐ May
☐ June
☐ July
☐ August
☐ September
☐ October
☐ November
☐ December

Year

☐ 2000
☐ 2001
☐ 2002
☐ 2003
☐ 2004
☐ 2005
☐ 2006
☐ 2007
☐ 2008
☐ 2009
☐ 2010
☐ 2011

4. Has there been a major change in the sources of financing committed to this project since the time of your application to HUD?

☐ Yes
☐ No

5. Including both Section 108 loan guarantee funds and these other sources of financing, what is the total amount of money that has been committed to this project?

____

____

____

6. Are any activities of this project being carried out as part of a geographically targeted revitalization effort? (Choose one only.)

☐ Neighborhood Revitalization Strategy Area (NRSA)
☐ Community Development Financial Institution (CDFI) area
☐ Local target area
☐ No, not geographically targeted

7. If project activities are being carried out as part of a geographically targeted revitalization effort, please describe the effort.

B. Assistance to Specific Businesses, Non-profit Organizations or Government Agencies

8. As part of this project, has assistance been provided to one or more specific private sector businesses, non-profit organizations or other local government agencies (i.e., as subrecipients)?

☐ Yes
☐ No

9. Have any of the following types of Section 108 financial assistance been provided to businesses, nonprofits or other subrecepients?

	Yes	No
Amortizing permanent loan	☐	☐
Forgivable or deferred payment loan	☐	☐
Grant	☐	☐
Loan guarantee for private loan	☐	☐
Construction loan	☐	☐
Other	☐	☐

10. How many entities (businesses, nonprofits or other subrecipients) received this assistance?

11. What was the total amount of assistance provided?

12. For assistance provided to businesses/ subrecipients, please indicate whether these entities were:

	Yes	No
For-profit organization	☐	☐
Non-profit organization	☐	☐
Non-profit subsidiary of a for-profit company	☐	☐
Local or state government agency	☐	☐

C. Third Party Loans (Loan Pools)

13. As part of this project, has the use of Section 108 funds included use of a loan fund or other approach which involved taking applications and lending to third parties (e.g., businesses and subrecipients)?

☐ Yes
☐ No

14. Is the loan pool intended to be used for any of the following purposes?

	Yes	No
Economic Development	☐	☐
Public Facilities	☐	☐
Housing	☐	☐

15. Are loans made for any of the following activities?

	Yes	No
Real Estate (acquisition or rehab)	☐	☐
Machinery/Equipment purchases	☐	☐
Facade improvements	☐	☐
Infrastructure	☐	☐
Site preparation/Clearance/ Demolition	☐	☐
Job/technical training	☐	☐
Other	☐	☐

16. As part of this project, in addition to the Section 108 funds, are other sources of funds available to the loan pool?

☐ Yes
☐ No

16a. If yes to Question 16, what is the amount of additional funds?

____

____

____

16b. If yes to Question 16, are any of the following sources of these additional funds?

	Yes	No
Banks	☐	☐
Other types of financial institutions	☐	☐
Other	☐	☐
Not applicable	☐	☐

17. How long has the loan pool been active?

Years __________ Months __________

18a. How many loans have been made from the pool?

____

____

____

18b. What is the total amount that has been loaned from the loan pool?

____

____

____

19. Based on policies established for the loan pool, what are the minimums and maximums for each of the following?

	Minimum	Maximum
Loan Size ($)		
Interest Rate (%)		
Term (Years)		

D. Economic Development

Economic development activity may be accomplished by offering financial assistance, or through use of loan pools, or through direct investment. For all economic development activities reported below, please describe activities of the total project, including those funded by Section 108 or by other funding sources.

20a. Does this project include any economic development activity?

☐ Yes
☐ No

20b. As part of this project, have any of the following types of economic development activities been funded?

	Yes	No
Facility intended to create economic opportunity such as civic center or farmers market	☐	☐
Assistance to business for real estate acquisition/expansion	☐	☐
Assistance to business for working capital/inventory	☐	☐
Development of industrial park	☐	☐
Job training/employee support	☐	☐
Other	☐	☐

21. In funding these economic development activities, which of the following actions are involved?

	Yes	No
Commercial/industrial building acquisition, construction, rehabilitation	☐	☐
Commercial/industrial facade improvements or correction code violations	☐	☐
Other commercial/industrial improvements	☐	☐
Acquisition/disposition	☐	☐
Infrastructure development	☐	☐
Technical assistance	☐	☐
Microenterprise assistance	☐	☐
Other	☐	☐

22. As part of these economic development activities, was funding provided for infrastructure improvements?

☐ Yes
☐ No

22a. If yes to Question 22, which of the following infrastructure improvements were involved?

	Yes	No
Solid waste disposal improvements	☐	☐
Flood drainage improvements	☐	☐
Water/sewer improvements	☐	☐
Street improvements	☐	☐
Sidewalks	☐	☐
Tree planting	☐	☐
Technology such as fiber optic or DSL lines	☐	☐
Other utilities	☐	☐
Brownfield	☐	☐

23. Which of the following sectors of the local economy will benefit as a result of this economic development activity?

	Yes	No
Industrial (mining, agriculture, forestry, fishing, construction or manufacturing)	☐	☐
Wholesale trade	☐	☐
Retail trade	☐	☐
Services	☐	☐
Other	☐	☐

24. Which of the following types of service were involved?

	Yes	No
Educational services	☐	☐
Health care and social assistance	☐	☐
Arts, entertainment and recreation	☐	☐
Accommodation (e.g., hotels) and food services	☐	☐
Other	☐	☐

25. At the present time, what is the status of overall spending (including Section 108 funds and funds from other sources) for the economic development activity for this project? (Choose the answer that best describes current status.)

- ☐ Complete (all or nearly all funds are spent)
- ☐ Partially complete (some funds remain unspent)
- ☐ Incomplete (more than half of funds remain unspent
- ☐ Other (please explain)

26. At the present time, what is the status of the economic development activity for this project? (Choose the answer that best describes current status.)

- ☐ Complete (most accomplishments that are considered likely to occur have already been achieved)
- ☐ Partially complete (some accomplishments have been achieved, but more are expected in the future)
- ☐ Incomplete (most accomplishments that are considered likely to occur have not yet been achieved)
- ☐ Other (please explain)

E. Public Facilities

For any public facility included in this project, please describe the public facility activities of the total project, including those funded by Section 108 or by other funding sources.

27a. Does this project include funding for a public facility?

- ☐ Yes
- ☐ No

27b. As part of this project, which of the following types of public facility were funded?

	Yes	No
Neighborhood facility – (e.g., for social services, or multi-purpose)	☐	☐
Park/ recreational facility – (e.g. swimming pool, sports complex	☐	☐
Transportation facility (e.g., bus station or transit terminal)	☐	☐
Parking facility	☐	☐
Public/civic building	☐	☐
Senior center	☐	☐
Handicapped center	☐	☐
Homeless facility	☐	☐
Child care center	☐	☐
Health facility	☐	☐
Other	☐	☐

28. In funding this public facility, which of the following types of activity are involved?

	Yes	No
Construction	☐	☐
Rehabilitation	☐	☐
Acquisition of real property	☐	☐
Disposition of real property	☐	☐
Clearance and demolition	☐	☐
Cleanup of contaminated sites	☐	☐
Relocation	☐	☐
Other	☐	☐

29. Did funding of the public facility include money for infrastructure improvements?

- ☐ Yes
- ☐ No

29a. If yes to Question 29, which of the following infrastructure improvements were involved?

	Yes	No
Solid waste disposal improvements	☐	☐
Flood drainage improvements	☐	☐
Water/sewer improvements	☐	☐
Street improvements	☐	☐
Sidewalks	☐	☐
Tree planting	☐	☐
Technology such as fiber optic or DSL lines	☐	☐
Other utilities	☐	☐
Brownfield	☐	☐
Not applicable	☐	☐
Infrastructure - other	☐	☐

30. At the present time, what is the status of overall spending (including Section 108 funds and funds from other sources) for the public facility activity for this project? (Choose the answer that best describes current status.)

☐ Complete (all or nearly all funds are spent)
☐ Partially complete (some funds remain unspent)
☐ Incomplete (more than half of funds remain unspent)
☐ Other (please explain)

31. At the present time, what is the status of the public facility activity for this project? (Choose the answer that best describes current status.)

☐ Complete (most accomplishments that are considered likely to occur have already been achieved)
☐ Partially complete (some accomplishments have been achieved, but more are expected in the future)
☐ Incomplete (most accomplishments that are considered likely to occur have not yet been achieved)
☐ Other (please explain)

F. Housing

Housing-related activities may be accomplished by offering financial assistance, or through use of loan pools, or through direct investment. For all housing-related activities reported below, please describe the activities of the total project, including those funded by Section 108 or by other funding sources.

32a. Does this project include funding for housing-related activities?

☐ Yes
☐ No

32b. Which of the following types of housing-related activity have been undertaken?

	Yes	No
Construction of housing	☐	☐
Direct homeownership assistance	☐	☐
Rehab: single-unit residential	☐	☐
Rehab: multi-unit residential	☐	☐
Rehab: public housing modernization	☐	☐
Rehab: energy efficiency improvements	☐	☐
Rehab: lead-based paint/lead hazards	☐	☐
Testing/abatement	☐	☐
Residential historic preservation	☐	☐
Other	☐	☐

33. In funding this housing-related activity, which of the following types of actions were involved?

	Yes	No
Construction	☐	☐
Rehabilitation	☐	☐
Acquisition of real property	☐	☐
Disposition of real property	☐	☐
Clearance and demolition	☐	☐
Cleanup of contamination sites	☐	☐
Relocation	☐	☐
Other	☐	☐

34. In funding this housing-related activity, was funding provided for infrastructure improvements?

☐ Yes
☐ No

34a. If yes to Question 34, which of the following infrastructure improvements were involved?

	Yes	No
Solid waste disposal improvements	☐	☐
Flood drainage improvements	☐	☐
Water/sewer improvements	☐	☐
Street improvements	☐	☐
Sidewalks	☐	☐
Tree planting	☐	☐
Technology such as fiber optic or DSL lines	☐	☐
Other utilities	☐	☐
Brownfield	☐	☐
Not applicable	☐	☐
Infrastructure - Other	☐	☐

35. Is the housing-related activity intended to provide permanent housing to any of the following groups?

	Yes	No
Elderly individuals	☐	☐
Persons with disabilities	☐	☐
Homeless individuals or families	☐	☐
Persons with special needs	☐	☐
Other type of need	☐	☐

36. Is the housing-related activity intended to provide any of the following types of benefit?

	Yes	No
Homeownership	☐	☐
Rental housing	☐	☐
Institutional or group housing	☐	☐

37. Are some or all of the housing units intended to be affordable to persons of low- and moderate income?

☐ Yes
☐ No

37a. If yes to Question 37, please specify the period of affordability in years?

____

____

____

37b. If yes to Question 37, is there a period of guaranteed affordability?

☐ Yes
☐ No

37c. If yes to Question 37, what is the period of guaranteed affordability? (Specify in years)

38. At the present time, what is the status of overall spending (including Section 108 funds and funds from other sources) for the housing-related activity for this project? (Choose the answer that best describes current status.)

- ☐ Complete (all or nearly all funds are spent)
- ☐ Partially complete (some funds remain unspent)
- ☐ Incomplete (more than half of funds remain unspent)
- ☐ Other (please explain)

39. At the present time, what is the status of accomplishments for the housing-related activity for this project? (Choose the answer that best describes current status.)

- ☐ Complete (most accomplishments have been achieved)
- ☐ Partially complete (some accomplishments have been achieved
- ☐ Incomplete (most accomplishments have not yet been achieved
- ☐ Other (please explain)

40. What national objective(s) has this Section 108 project met? * (Requires Response)

	Yes	No
*Low/mod area benefit	☐	☐
*Low/mod limited clientele	☐	☐
*Low/mod housing benefit	☐	☐
*Low/mod job creation and retention	☐	☐
*Slum/blight area benefit	☐	☐
*Slum/blight spot benefit	☐	☐
*Urgent need/other	☐	☐

41. How many low and moderate income (LMI) persons reside in the area where benefits are available as a result of project activities through the present date?

41a. Please describe the most important sources of data or other evidence that you used to track these outcomes. (area benefit)

42. How many low and moderate income (LMI) persons have actually received benefits as a result of project activities? (Indicate annual benefits provided during the most recent year for which data are available.)

42a. Please describe the most important sources of data or other evidence that you used to track these outcomes. (limited clientele)

43a. In providing low/mod housing benefit, how many housing units have been provided(built, rehabbed, or otherwise improved) as a result of project activities through the present date: (For homebuyer assistance, count each assisted household as one housing unit)

____

____

____

43b. Of these, how many units were affordable?

____

____

____

43c. Is retail/commercial space included in this housing-related activity?

- ☐ Yes
- ☐ No

43d. Please indicate square footage of retail/commercial space provided.

____

____

____

43e. Were any housing units brought from substandard to standard condition (up to HUDs Housing Quality Standards or to local code)?

- ☐ Yes
- ☐ No

43f. What was the number brought up to standard condition?

____

____

____

43g. Were any housing units made accessible for persons with disabilities?

- ☐ Yes
- ☐ No

43h. What was the number made accessible?

____

____

____

43i. Were there any homeless persons or any others living in institutional or group quarters who received permanent housing as a result of this project?

- ☐ Yes
- ☐ No

43j. What was the number of persons receiving permanent housing?

____

____

____

43k. Please describe the most important sources of data or other evidence that you used to track these outcomes. (Housing benefit)

____

____

____

44a. In providing low/mod job creation and retention, how many new Full-Time Equivalent (FTE) jobs have actually been created through the present date?

44b. How many positions that might otherwise have been let go were retained through the present date?

44c. How many of the newly created FTE jobs were filled by low- and moderate income persons?

44d. How many of the retained jobs were held by low- and moderate income people?

44e. How many total jobs have been created or retained through the present date?

44f. Please describe the most important sources of data or other evidence that you used to track these outcomes. (job creation and retention)

45a. In addressing slums and blight, how many housing units have been demolished through the present date?

45b. How many blocks have been cleared through the present date?

45c. Please describe the most important sources of data or other evidence that you used to track these outcomes. (slum/blight)

46. In addressing urgent/other needs, please describe the project activities and the result of these activities through the present date.

46a. Please describe the most important sources of data or other evidence that you used to track these outcomes. (Urgent need/other)

____

____

____

47. In your opinion, were any of the following possible outcomes accomplished as a result of this Section 108 project?

	Yes	No
Attract or relocate businesses to state/locality	☐	☐
Spur the development of new small businesses	☐	☐
Assist in the expansion of existing businesses	☐	☐
Assist a failing business to remain viable	☐	☐
Help to revitalize downtown	☐	☐
Increase commercial, business, or wage tax revenue	☐	☐
Increase the property tax base	☐	☐
Promote construction jobs	☐	☐
Provide new commercial services to community	☐	☐
Promote neighborhood revitalization	☐	☐
Other	☐	☐

48. In your opinion, as a result of this Section 108 project, have any of the following types of services become available either in the neighborhood where project activities occurred or in the surrounding area?

	Yes	No
The first grocery store(s) in an area	☐	☐
The first bank(s) in an area	☐	☐
Shopping or restaurant choices	☐	☐
Parking or public transportation	☐	☐
Schools or higher education facilities/opportunities	☐	☐
Parks, open spaces playgrounds, or recreation centers	☐	☐
Access to arts and cultural institutions, museums	☐	☐
Health care services	☐	☐
Employment and training centers	☐	☐
Childcare centers	☐	☐
Other	☐	☐

49. As a result of this Section 108 project, have any of the following types of revitalization or new investment occurred either in the neighborhood where project activities occurred or in the surrounding area?

	Yes	No
Improvement in exterior appearance, streetscape, or facades	☐	☐
New businesses have been created	☐	☐
Existing businesses have expanded	☐	☐
Property values have increased	☐	☐
Amenities or community facilities have expanded or improved	☐	☐
Infrastructure has improved	☐	☐

50. For the positive outcomes accomplished in the past years, has the project been able to sustain these outcomes to the present time?

☐ Yes, most or all of the benefits, such as jobs created and businesses supported, continue to exist.
☐ No, the benefits have not been sustained, due to local economic conditions or other factors beyond the control of the jurisdiction.
☐ Not known because we stopped tracking outcomes after meeting our goal(s)
☐ Other (please explain)

51. If this project has not been successful in reaching its intended outcomes, has this occurred partly as a result of the timing of the project?

	Yes	No
The current economic recession has made it difficult to complete the project on time	☐	☐
Volatile markets and uncontrollable costs like energy-rate increases led to project delays	☐	☐
An unexpected rise in the price of land led to cost overruns or project delays	☐	☐
There were unexpected environmental problems or other government-caused delays	☐	☐
More time is needed-may reach intended outcomes in the future	☐	☐
Other	☐	☐

52. If this project has not been successful in reaching its intended outcomes, did any of these factors contribute to this result?

	Yes	No
Not applicable, because the project was successful	☐	☐
The project plan or concept was flawed and not viable	☐	☐
Poor management/oversight by grantee staff	☐	☐
There was an insufficient level of investment/insufficient capital	☐	☐
Lack of a good business plan	☐	☐
The assisted business was not financially viable	☐	☐
Insufficient marketing or promotion	☐	☐
Over-expansion or expanding too quickly	☐	☐
No businesses/insufficient businesses were attracted to the facility developed by the grantee	☐	☐
The investment in the neighborhood failed to attracted other investment to the area	☐	☐
Other	☐	☐

53. In general, were most of the intended results from this Section 108 investment achieved? (Choose the answer that best describes current status.)

☐ Yes, we achieved most or all of our intended results
☐ The project has achieved mostly positive results that fell somewhat short of plans
☐ The project is in process, so the results are not yet known
☐ The project has not succeeded as planned but nonetheless has achieved some positive results
☐ No, the project was not successful
☐ Other (please explain)

G. Conclusion

54. Would your jurisdiction consider doing another Section 108 loan?

☐ Yes
☐ No

54a. If no to Question 54, please indicate why your jurisdiction would not consider doing another Section 108 loan?

	Yes	No
Concerned about the programs security requirement	☐	☐
Don't want to include CDBG funds as part of a repayment plan	☐	☐
Don't want to risk losing CDBG funds if repayment plan is not met	☐	☐
The application process is more hassle than it's worth	☐	☐
We don't anticipate needing any large projects where Section 108 might be needed	☐	☐

	Yes	No
Lack of interest among businesses or other potential borrowers	☐	☐
Counting jobs or following compliance rules for national objective and public benefit is too difficult/confusing	☐	☐
Change in local politics has meant an unwillingness to borrow funds for economic development or other eligible purposes	☐	☐
Other	☐	☐

55. Did your jurisdiction choose to use Section 108 for any of the following reasons?

	Yes	No
It allowed us to borrow a large amount of funds	☐	☐
Funds were not available from any other source	☐	☐
Section 108 funds were cost effective/low cost to borrow	☐	☐
Our grantee did not want to raise debt/issue bonds for this project	☐	☐
Section 108 funds were a catalyst for obtaining other federal, state or private funding sources	☐	☐
Other	☐	☐

56a. When planning this project, did your jurisdiction consider (or actually use) any of the other federal funding sources listed below?

Department of Housing and Urban Development (HUD)

	not considered	considered but not used	used
Empowerment Zones/Renewal Communities	☐	☐	☐
Community Development Block Grants	☐	☐	☐
HOME	☐	☐	☐

Department of Agriculture

	not considered	considered but not used	used
Business and Industry Loan	☐	☐	☐
Rural Economic Development Loans and Grants	☐	☐	☐
Community Facilities	☐	☐	☐

Department of Commerce - Economic Development Administration (EDA)

	not considered	considered but not used	used
Public Works and Economic Development Program	☐	☐	☐

Department of Commerce - Economic Development Administration (EDA)

	not considered	considered but not used	used
Economic Development Revolving Loan Fund	☐	☐	☐

Small Business Administration (SBA)

	not considered	considered but not used	used
Basic 7(a) Loan Guarantee Program	☐	☐	☐
Certified Development Corporation (504) Loan Program	☐	☐	☐

Department of the Treasury

	not considered	considered but not used	used
New Markets Tax Credits	☐	☐	☐
Historic Tax Credits	☐	☐	☐
Low Income Housing Tax Credits	☐	☐	☐
Bank Enterprise Award	☐	☐	☐

Department of Health and Human Services (HHS)

	not considered	considered but not used	used
Community Services Block Grant	☐	☐	☐

56b. Please tell us more about the reasons that you did not consider using programs that you identified above.

____

____

____

56c. For programs that you considered but did not use, please tell us more about the reasons why you did not use these programs.

____

____

____

56d. In your opinion, do you consider each of the following statements to be true or false?

	true	false	no opinion
The project could have been done as well without the use of Section 108	☐	☐	☐
Without Section 108, there would have been delays in securing other funds	☐	☐	☐

	true	false	no opinion
Without Section 108, the project would have accomplished less	☐	☐	☐
Without Section 108, the project would not have happened at all	☐	☐	☐

57. Please tell us, in your own words, what was accomplished as a result of the Section 108 project?

58. In your opinion, what likely would or would not have happened, had Section 108 financing not been available for this project? And, why do you believe that to be the case?

Click on "Continue" to submit your survey. Thanks for your cooperation!

Relationship of Survey Questions to Research Questions. Table A.2. depicts the relationship between survey questions and the study's three core research areas.

Table A.2. Relationship of Survey Questions to Research Questions

Section of Survey	Question Number(s)	Primary Research Question Addressed by this Section of Survey	Comments
General Project Information	1–7	What types of projects are being funded through Section 108-guaranteed loans?	• Questions 1–3 verify HQ information, especially since paper files are sometimes variable or unavailable. • Questions 4 and 5 relate the Section 108 loan to total project size. • Questions 3–7 support performing analysis of outcomes.
Assistance to Specific Businesses or Government Agencies	8–12	What types of projects are being funded through Section 108-guaranteed loans?	• Questions 8–12 provide a unique source of the nature of assistance provided and are essential for analysis.

Continued on next page

Table A.2. Relationship of Survey Questions to Research Questions (Cont.)

Section of Survey	Question Number(s)	Primary Research Question Addressed by this Section of Survey	Comments
Third Party Loans (Loan Pools)	13–19	What types of projects are being funded through Section 108-guaranteed loans?	• There is almost no information on loan pool activity in HQ files.
Economic Development	20–25	What types of projects are being funded through Section 108-guaranteed loans?	• Categories used in these questions are consistent with definitions/terminology used in HUD's IDIS. • Question 25 (and also Questions 29 and 35, below) are designed to support analysis of outcomes.
Public Facilities	26–29	What types of projects are being funded through Section 108-guaranteed loans?	• Categories used in these questions are consistent with definitions and terminology used in IDIS.
Housing	30–36	What types of projects are being funded through Section 108-guaranteed loans?	• Categories used in these questions are consistent with definitions and terminology used in IDIS.
Outcomes	37–51	What are the results of the Section 108 projects?	• Questions 38–44 aim to aim to collect basic outcome information by individual national objective. • Questions 45–50 probe for additional information on outcomes, and on reasons for success or failure. • By asking for data sources, Question 37 tests for validity of the outcome information provided.

Continued on next page

Table A.2. Relationship of Survey Questions to Research Questions (Cont.)

Section of Survey	Question Number(s)	Primary Research Question Addressed by this Section of Survey	Comments
Conclusion	52–57	Does the Section 108 program overlap with economic development programs operated by other federal agencies? How can the Section 108 program be improved?	• Questions 52–57 specifically address the program overlap issue. • These questions provide an opportunity for feedback from program participants.

The survey instrument was pre-tested by HUD officials and two grantees selected for the preliminary site visits. They used the MS Word version of the instrument. These pre-tests allowed us to determine whether the questions are understandable and produce the intended results, but also will provide an idea of the burden on the entities.

Appendix B: Proposed Section 108 Closeout Report

The sample report is presented with permission from the City of Oceanside. To this sample form, the team would add a section on accomplishments. The team would recommend making it mandatory and having a copy sent to the field office and HUD Headquarters.

Calle Montecito Neighborhood Revitalization Project
(Libby Lake Community Center - City of Oceanside, California)
B-01-MC-06-0547

REPORT DATE: April 27, 2005

CONTACT PERSON: John A Lundblad; (760) 435-3393 or jlundblad@ci.oceanside.ca.us

PROJECT INFORMATION

PROJECT DESCRIPTION:	Construction of the Libby Lake Community Center including a community clinic (Vista Community Clinic), neighborhood resource center (City Housing and Neighborhood Services), space for afterschool programs for children and youth (Oceanside Boys and Girls Club, Teen REACH), computer room, meeting space for neighborhood residents, and a job-training center (SER/Jobs for Progress, Able-Disabled Advocacy)
ELIGIBLE ACTIVITY:	570.201(c) - Acquisition, construction, reconstruction, rehabilitation or installation of public facilities or improvements HUD Matrix Code 03E - Neighborhood Facilities
NATIONAL OBJECTIVE:	570.208(a)(1)(i) - Area benefit activities in a particular area where at least 51% of the residents are low and moderate income persons (LMA). The Libby Lake Community Center is part of the Calle Montecito Neighborhood Revitalization Strategy Area plan
STATUS OF PROJECT:	Project is complete and operational; all funds have been drawn down and payments begun on principal and interest.

LOAN INFORMATION

DATE APPROVED:	May 22, 2002
LOAN AMOUNT:	$1,500,000
BALANCE:	$1,070,000
TERM/PAYOFF DATE:	Final payment due August 1, 2009

COLLATERAL

The required collateral is a portfolio of notes from rehabilitation loans and supporting security documents which together constitute the loans which the Borrower has agreed to offer as collateral for the Loan Guarantee.

Appendix C: Puerto Rico

Introduction

This appendix examines Section 108 Loan Guarantee projects located within the Commonwealth of Puerto Rico.

As a group, Puerto Rico's Section 108 projects are different from most initiated program projects in that the latter generally involve either a single project or several smaller projects connected to a larger effort, such as individual commercial properties within a defined Neighborhood Revitalization Strategy Area. However, recipients in Puerto Rico often use a single Section 108 Loan Guarantee to implement several projects at a time; these projects are relatively small in scale and seemingly unrelated to one another.[8] Based on Section 108 repayments as a percent of Community Development Block Grant (CDBG) expenditures, Puerto Rican communities rely much more heavily on Section 108 Loan Guarantees than do most CDBG entitlement communities to attract, expand, and retain business investment projects. This chapter describes Puerto Rico's basic socioeconomic characteristics, its governmental structure, and its real estate development climate. It also summarizes common features of Puerto Rico's Section 108 Loan Guarantee projects and observations based on interviews and loan recipient reports.

History and Background

From its roots as a Spanish colony, Puerto Rico's political and governmental structure has evolved into a hierarchy that can be confusing to outsiders and Puerto Ricans alike.[9] The Commonwealth of Puerto Rico operates as the equivalent of a state government, incorporating an executive branch headed by the Governor, a judicial branch, and a bicameral legislature. "Municipios" represent the equivalent of city or county government and are CDBG entitlement communities. Each is governed by an elected mayor and assembly. Municipios have limited responsibilities, such as sanitation, recreation, and road maintenance, while the Commonwealth is responsible for public safety, land use planning, water and sewer services, and other major governmental functions.[10]

Municipios were without legally defined boundaries until 1949. Even today, the boundaries are often unclear because revisions and annexations are not recorded in a centralized system. Additionally, legal descriptions frequently refer to ill-defined or nonexistent geographical features, such that a consistent, objective reading is impossible. The result is a system of local governments that confuses even native Puerto Ricans:

> Increasing urban development on and near the municipio boundaries has led to situations where municipio boundary locations are both difficult to interpret and often split housing units or housing developments. In many cases, one municipio may provide services to an entire "urbanización," or "comunidad" even though parts of the "urbanización" belong to another municipio. Postal Zip Codes often cross municipio boundaries, and residents of one municipio may use a delivery address that includes the name of the adjacent municipio. Another potential source of confusion in the municipio boundaries is that residents within one municipio are often divided into different Senatorial and Assembly Districts. Municipio residents may sometimes vote "by mistake" in another municipio.[11]

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[8] An example of loosely fitting projects under one loan is the "*Juncos PR Multiple Projects," where a marketplace, an addition to a cemetery, and the expansion of a sports complex are all funded under one loan.*

[9] Jonathan Sperling, "Census Geography in Puerto Rico: A Technical Addendum for the 1990 Census," *Caribbean Studies, 23: 3-4 (1990): 114.*

[10] Ibid.

[11] Ibid, 115.

This confusion likely lends to the administrative burden of undertaking real estate development projects in Puerto Rico. The permitting process is slow and can delay complicated projects.[12] This burden is compounded by the fact that Puerto Rico includes miles of coastline, further complicating environmental reviews for federally funded projects.

Formally an unincorporated territory of the United States, Puerto Rico and its residents are not represented by a voting member of the U.S. House or Senate and pay no federal income taxes. For the purposes of the CDBG program, however, HUD considers the Commonwealth of Puerto Rico to be the equivalent of a state. In fiscal year (FY) 2010, Puerto Rico received more than $52 million in CDBG funds directly from HUD, and its 27 entitlement communities received a total of more than $67 million in CDBG funds. The average FY 2010 CDBG award for non-state entitlement communities in Puerto Rico was approximately $2,485,000. By comparison, the average FY 2010 CDBG award for non-state entitlement communities nationwide was approximately $2,377,000.

The Section 108 program offers several advantages to Puerto Rican municipalities. It enables municipalities to undertake larger and longer-term projects; spread out loan repayments over 20 years; relend the money to private businesses; and repay the loan from third-party borrowers without ever using the community's future CDBG grants. In addition, Section 108 Loans are not general obligations and, therefore, do not involve limitations and restrictions on municipal borrowing. This enables third-party borrowers to obtain fixed interest rates substantially below rates otherwise available to them, as well as a flexible repayment schedule set by the municipality.

Puerto Rican entitlement communities tend to rely far more heavily on Section 108 Loans than do most other entitlement jurisdictions. Section 101(c) of the authorizing statute sets forth the primary objective of the program as the development of viable communities by providing decent housing and a suitable living environment, as well as expanding economic opportunities, principally for persons of low and moderate income. The statute further states in Section 104(b)(3) that this is to be achieved by ensuring that each funded activity meets one of three National Objectives: Benefiting Low- and Moderate-Income Persons; Preventing or Eliminating Slums or Blight; and Meeting Urgent Needs. As Table 1 demonstrates, it is not uncommon for a Puerto Rican entitlement community to spend 20 to 35 percent or more of its annual CDBG award on repayments of Section 108 Loans. In contrast, the national average is between 2.5 and 3.4 percent for any given year.

Table C.1. Section 108 Repayments as a Percentage of CDBG Expenditures

	Pct. of Total 2003	Pct. of Total 2004	Pct. of Total 2005	Pct. of Total 2006	Pct. of Total 2007	Pct. of Total 2008	Pct. of Total 2009
National	2.86%	2.51%	2.71%	2.71%	2.97%	3.36%	2.92%
Puerto Rico (state)	0.00%	0.00%	0.38%	0.00%	0.48%	1.15%	1.16%
Aguadilla	7.51%	34.95%	43.84%	40.78%	22.94%	28.32%	19.16%
Arecibo	23.33%	22.39%	0.00%	0.00%	0.00%	0.00%	0.00%
Bayamon	0.00%	0.18%	7.46%	21.56%	23.51%	28.01%	63.46%
Cabo Rojo	n/a	n/a	0.00%	0.00%	0.00%	0.00%	0.00%
Caguas	28.71%	26.05%	28.05%	31.55%	32.75%	36.82%	54.49%
Canovanas	2.06%	22.07%	32.91%	0.00%	18.66%	0.00%	0.00%
Carolina	51.92%	58.00%	27.08%	34.80%	26.13%	34.70%	41.35%
Cayey	68.33%	67.64%	14.45%	13.43%	23.62%	68.97%	15.49%
Cidra	0.00%	0.00%	0.00%	0.00%	25.50%	33.20%	24.95%
Fajardo	26.81%	23.22%	4.76%	0.00%	0.00%	0.00%	0.00%

Continued on next page

[12] Phone interview with HUD San Juan Field Office, October 27, 2010.

Table C.1. Section 108 Repayments as a Percentage of CDBG Expenditures (Cont.)

	Pct. of Total 2003	Pct. of Total 2004	Pct. of Total 2005	Pct. of Total 2006	Pct. of Total 2007	Pct. of Total 2008	Pct. of Total 2009
Guayama	n/a	n/a	0.00%	0.00%	0.00%	0.00%	0.00%
Guaynabo	23.12%	53.90%	37.28%	54.33%	39.54%	63.07%	58.13%
Humacao	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Isabela	n/a	n/a	0.00%	0.00%	0.00%	2.91%	1.67%
Juana Diaz	0.00%	0.00%	0.00%	13.66%	15.21%	12.87%	22.10%
Manati	2.81%	37.54%	48.88%	24.56%	56.86%	47.83%	56.97%
Mayaguez	3.22%	1.70%	3.05%	2.71%	0.00%	0.00%	0.00%
Ponce	13.18%	57.24%	63.44%	14.36%	28.52%	36.08%	11.94%
Rio Grande	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
San German	n/a	n/a	0.00%	0.00%	0.00%	0.00%	0.00%
San Juan	0.00%	30.10%	11.31%	15.17%	57.61%	25.03%	55.97%
San Sebastian	n/a	n/a	0.00%	0.00%	0.00%	0.00%	0.00%
Toa Alta	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Toa Baja	34.34%	3.15%	39.98%	44.91%	19.76%	32.10%	19.91%
Trujillo Alto	0.00%	3.61%	16.03%	1.78%	21.74%	17.66%	13.99%
Vega Baja	0.00%	69.74%	51.26%	59.80%	16.33%	64.26%	65.51%
Yauco	n/a	n/a	0.00%	0.00%	0.00%	0.00%	0.00%
National expenditures in Fiscal Years, entitlement expenditures in Program Years. http://www.hud.gov/offices/cpd/communitydevelopment/budget/disbursementreports/index.cfm?st=pr							

The fact that poverty is widespread throughout the Commonwealth may be one reason for the Section 108 program's popularity. Macroeconomic data from the Puerto Rico Planning Board indicate that the Gross Domestic Product (GDP) is declining; investment is declining; savings continue to be inadequate; the number of employed people has further declined; and the rate of unemployment has increased. In 2009, median household income in Puerto Rico was just over $18,000, which is a little more than one-third of the U.S. median household income.[13] While approximately 14 percent of Americans lived below the poverty line in 2009, about 44 percent of Puerto Ricans met the same criteria.

The fact that poverty is a severe problem in Puerto Rico actually makes meeting one of the CDBG National Objectives easier. In most municipios, between 25 and 50 percent of the population lives in poverty, which easily translates to a service area that is mostly low and moderate income.

Core Questions and Research Methodology

As noted in the main part of the report, there are three core questions addressed by the study. These are:

1. Does the Section 108 program overlap with economic development programs operated by other federal agencies?
2. What types of projects are being funded through Section 108 guaranteed loans?
3. What are the quantifiable and qualitative results of Section 108 projects?

[13] U.S. Census Bureau, American FactFinder, accessed at http://factfinder.census.gov on October 26, 2010.

To help answer these questions, Econometrica conducted an e-mail correspondence and a telephone interview with key personnel from HUD's San Juan Field Office. The initial e-mail exchange led the Field Office to collect supplemental information from its Section 108 Loan recipients. The subsequent telephone discussion allowed for further probing related to the following topics:

- The main types of Section 108 activities carried out in Puerto Rico.
- Whether Section 108 has been successful in promoting other positive benefits.
- Whether there is any unique aspect of the Section 108 loan guarantee that makes it particularly well-suited to economic conditions in Puerto Rico.
- Perceptions of the outcomes of these activities.
- Whether information is available to describe outcomes of projects in Puerto Rico.
- How the Section 108 program might be improved.

Finally, in addition to the above information, this chapter examines data obtained from HUD's Office of Community Planning and Development's Financial Management Division, which oversees the Section 108 program.

Types of Projects

Generally, municipios administer the development and implementation of the Section 108 projects. The municipios typically involve the other key stakeholders in the planning process, including citizens, nonprofit institutions, private companies, the Commonwealth's government, and the federal government.

Section 108 Loans primarily fund two types of projects in Puerto Rico: public facilities and economic development. The terms are neither interchangeable nor mutually exclusive.

CDBG funds may be used by the grantee or other public or private nonprofit entities for the acquisition (including long-term leases for periods of 15 years or more), construction, reconstruction, rehabilitation (including removal of architectural barriers to accessibility), or installation of public improvements or facilities. This includes neighborhood facilities, firehouses, public schools, and libraries, as well as water and/or sewer treatment plants. Buildings for the general conduct of government cannot be acquired or improved with CDBG funds. The regulations further specify that facilities which are designed for use in providing shelter for persons having special needs are considered to be public facilities. Recreation centers, infrastructure improvements, and homeless shelters are common examples of public facilities.

The term ***economic development*** refers to projects that generate revenue from private sources. Economic development activities may include but are not limited to: (1) construction by the grantee or subrecipient of a business incubator designed to provide inexpensive space and assistance to new firms to help them become viable businesses; (2) loans to pay for the expansion of a factory or commercial business; and (3) providing training needed by persons on welfare to enable them to qualify for jobs created by CDBG-assisted special economic development activities. The level of public benefit to be derived from the economic development activity must be appropriate given the amount of CDBG assistance. Some large public facilities projects, as discussed previously, generate program income from private sources, but the term "economic development" as used here refers to privately owned developments.

The Field Office (on its own initiative) collected supporting information from 22 municipios.[14] Most of Puerto Rico's Section 108 projects (17 of 22) in the sample approved from 2002 through 2007 were for public facilities. (A description of the projects can be found below.)

Section 108-funded public facilities may be divided broadly into large and small projects. Puerto Rico is relatively unique in funding small public facilities projects with Section 108 Loans. Unlike other entitlement jurisdictions, municipios often "roll up" several of these smaller projects into one Section 108 application, even though there may not be a common unifying element, like neighborhood or use. It is unclear why this practice is common in Puerto Rico, but it may be due to a lack of resources in areas with extremely high poverty rates. The Section 108 Loan Guarantee program allows recipients to borrow money from private lenders at low interest rates and repay the loan using future grant awards.

[14] Throughout the document, we note that the 22 projects represent projects in our sample.

Thus, Section 108 is used as a source of a large amount of funds that can be divvied up among many small projects, rather than applying for and funding the projects individually. These components are understandably attractive to a community with few resources and high need, especially when considering projects that will not produce any direct revenue.

The most common example of an economic development project in Puerto Rico is hotel development. Municipios frequently use Section 108 funds to finance land acquisition or construction in conjunction with a private hotel developer. The municipio, as the direct recipient, may simply relend Section 108 funds to the developer. In either case, the municipio repays the loan using revenue generated directly by hotel occupancy, by sales tax from shops and restaurants associated the project, by increased property taxes, or by other such mechanisms.

Overlap

From the information available, it is difficult to tell with certainty whether there is overlap between Section 108 and other federal programs in Puerto Rico. In general, Section 108 projects are financed predominantly with public funds, especially CDBG. According to the Field Office, recent projects attempt to leverage private financing more so than in the past. Five of the 22 responding municipios mentioned utilizing or applying for other sources of federal funds, such as Economic Development Administration (EDA) funds for construction. One municipio used Federal Transit Administration (FTA) funds for a public transportation component. Three other municipios considered applying, or did apply, for EDA funds. Two of the three municipios noted that EDA only approves funds for planning, and the other municipio stated that it lacked non-federal matching funds required by EDA.[15] No other federal funding sources were explicitly mentioned.

The CDBG grantees that responded to the Field Office's request for supplemental information appear to rely on Section 108 mostly because they are able to develop very large projects that they could not otherwise develop with other grants or funds. One grantee noted that, "unlike other federal economic development programs, the amounts of funds of Section 108 provided makes it more convenient and attractive to finance projects and attract private capital investment." Another grantee found it easier to obtain Section 108 loans because matching funds were not required.

Several municipio officials who responded to the Field Office's request for information noted that a significant feature of the Section 108 program is that it allows recipients to borrow private funds without affecting their credit rating. According to these officials, Puerto Rico loan recipients perceive this as unique to the Section 108 program and a major benefit. Officials in two municipios considered using U.S. Department of Agriculture (USDA) Rural Utilities Service (RUS) funds for their projects but ultimately opted not to do so, in part because they believed that using USDA funds would have an effect on their credit rating. Under the RUS program, USDA will guarantee up to 80 percent of a loan for water and waste disposal projects. Municipio officials also noted that USDA funds may be used only in rural areas, thus limiting their effect in urban environments.[16]

Section 108 recipients in Puerto Rico report several aspects of the program that distinguish it from other federal programs. Municipio officials cited low interest rates and flexible repayment plans as additional benefits of the Section 108 program. Because the loans are guaranteed by HUD, funds are available at interest rates lower than they would be without federal backing. Recipients also have the option of repaying the loans with local funds, CDBG program income, or from their future entitlement awards. As will be discussed in greater detail later, this allows municipios to fund not just revenue-generating projects, but also public works projects that are extremely unlikely to produce income of any kind.

Observations

This chapter has presented information on Puerto Rico's recent experience with Section 108. As noted above, Section 108 projects must meet a National Objective, which means that they must benefit predominately low- and moderate-income persons, address slum and blight, or meet

[15] The required matching share varies on a grant-by-grant basis and is set forth in the grant award. Prior to EDA approving the matching share, the recipient must demonstrate to EDA's satisfaction that the matching share is committed to the project, available as needed, and not conditioned or encumbered in any way that would preclude its use consistent with the requirements of the grant award (42 USC 3144-3146; 13 CFR sections 300.3 and 301.5).

[16] In 2009, 98.6 percent of Puerto Rico's population lived in an urban area (World Bank; accessed at http://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS on November 12, 2010).

an urgent need. The vast majority of Section 108 projects are designed to benefit low- and moderate-income persons, and within these, most do so on an area basis or by creating or retaining jobs. Public facilities usually meet a National Objective on an area basis by benefitting everyone within a defined low- to moderate-income area (LMA). Recipients determine the service area of the project and then examine Census data to make sure that the service area is at least 51 percent low and moderate income. The population of the service area, then, represents the number of persons benefitting from the project. According to what we learned from the Field Office, it is not difficult for Section 108 projects in Puerto Rico to meet a National Objective on an area basis because income is generally very low. It is not necessary that low- and moderate-income persons actually avail themselves of or directly utilize an LMA project as long as the project's defined service area is at least 51 percent low and moderate income. Though this chapter does not examine service areas, there is no reason to doubt that LMA Section 108 projects in Puerto Rico were not implemented in areas with a sufficient low- and moderate-income population.

Large public facilities projects usually meet a National Objective by benefitting everyone within a defined LMA. Some large public facilities projects generate program income. For example, a convention center may generate user fees and vendor leases. Others, like street and sewer improvements, are less likely to result in direct revenue. Small projects also commonly meet the LMA National Objective. These projects are less expensive, typically $300,000 or less. In other entitlement jurisdictions, they probably would be funded with regular CDBG funds. Basketball courts and community center improvements are common examples. In our sample of projects, large projects include multimillion dollar capital improvement activities, including convention centers, sports complexes, and the like. As is common elsewhere, these tend to be popular with elected officials.[17]

Economic development projects usually meet the low- and moderate-income jobs (LMJ) National Objective by creating or retaining jobs available to low- and moderate-income persons. It is more difficult to demonstrate that a project meets a National Objective by creating or retaining jobs available to low- and moderate-income persons. In order to do so, recipients must track individual-level information, such as income and place of residence. Several of Puerto Rico's Section 108 projects were designed to create low- and moderate-income jobs. However, based on information provided by the Field Office, it is too soon to tell from project-specific information whether they did so. Most of the projects for which we have information are not yet complete, which is not necessarily surprising when one considers that LMJ projects tend to involve private interests and are more complicated than smaller public-works projects. Of the two recipients that completed LMJ projects, one project, a hotel renovation, was originally designed to create 57 jobs, though the municipio reports that only 24 have been created since the hotel reopened in 2008. The other completed project was originally designed to create 65 jobs by including commercial space in a mixed-use development. The municipio reports that the project resulted in 35 businesses and created 40 full-time equivalent (FTE) jobs during the construction phase. Also, the reported information did not indicate how many people (low- and moderate-income or otherwise) are employed by the businesses. Furthermore, it is unclear as to what the 40 FTEs refer to, as HUD does not consider construction jobs to be FTEs required by the LMJ National Objective.

[17] Phone interview with HUD San Juan Field Office, October 27, 2010.

One immediate but temporary outcome of Section 108 construction projects is that they engender an immediate boost to employment during the construction stage. One grantee reports that, "during the construction phase, there are jobs for local contractors, suppliers of cement and other construction materials, for construction workers, including carpenters, plumbers, electricians, masons, bricklayers, and heavy equipment operators." The number of jobs created during the construction stage varies with the size and complexity of the project. Temporary jobs created are by far more numerous than the permanent jobs that may be created once the project is finished. The reporting of numbers for all the Puerto Rico projects is not available; however, for those who reported numbers, the ratio of permanent jobs to temporary jobs is in the vicinity of 1:10.

Based on the HUD administrative files and record:[18]

- The 17 public facilities projects were expected to provide small business assistance; expand commercial rental space; create full-time jobs,

[18] Econometrica was able to examine administrative files for the Section 108 projects; however, many of the administrative files for PR were not available for examination. The observations stated herein are based on information in a limited number of administrative files.

at least 51 percent of which would be filled by low- and moderate-income persons; build and improve infrastructure; provide recreational facilities; provide housing for low-income persons, including the elderly; and increase area recreational opportunities. Curiously, 2 of the 17 projects comprise the expansion of cemetery facilities in conjunction with other unrelated facilities—a sports complex in one case and a multi-purpose facility and parking lot in another.

- The five economic development projects were for very large projects, including the reconstruction of a tourist complex, construction of a tourist villa-hotel facility and a hotel, and construction of a convention center. In addition to revitalizing neighborhoods, the major benefit of these community development projects is to create multiple full-time jobs, at least 51 percent of which will be filled by low- and moderate-income persons.

Based on reports from recipients, Section 108 Loans have helped revitalize neighborhoods, created amenities, and provided access to services. Municipios have used Section 108 Loans to improve and beautify urban commercial areas, thus stimulating demand and creating more habitable public environments. Municipios have funded several sports and recreation projects, such as aquatic centers, basketball courts, baseball diamonds, and parks. They have also funded cultural centers, such as theaters. Though these projects may or may not create jobs or increase tax revenue, there is value in providing residents with access to amenities. Municipios have also funded projects that provide access to needed services, such as daycare and medical treatment.

Some projects have generated income through fees charged for facility rent. However, one grantee noted that income generated is not enough to pay back loans, since "*operational and maintenance costs are high*."

Outside of meeting National Objectives, some projects beget social benefits that are of immediate importance to these communities. One grantee noted that using Section 108 funds to construct a gymnasium, which provided sports opportunities and educational services, helped to improve the health of youthful participants; it helped to combat youth obesity.

Barriers/Problems Encountered

The Field Office provided Econometrica with summaries of the status of some of the projects that were funded from FY 2002 through FY 2007. One of the factors discussed was the barriers to implementation faced by various grantees. Although the list below is not exhaustive, it is indicative of some barriers faced by these grantees, including:

- Projects located in the coastal area are the most difficult because of the number of permits and regulations required, as well as the time it takes to acquire permits.
- Some municipios have high acquisition costs, high construction costs, and high incidence of crime.
- Some projects experience change orders during the construction phase that increase the original budget.
- Although the Field Office encourages projects that are self-sustaining and generate income, local policies and politics play a role in which Section 108 projects are targeted for approval.

Suggestions for Improving the Program

The Field Office urged the 22 grantees to report suggestions for improving the Section 108 program in Puerto Rico. Only three grantees provided suggestions. One noted that, although the program was flexible, if it were more flexible, the grantee would be able to comply more easily with the utilization requirements of the Section 108 Loan Guarantee. Another grantee wanted increased communications among HUD headquarters, Field Office staff, and grantees. Finally, another grantee noted that it needed additional information concerning interest payments.

The Field Office asked to have headquarters staff members visit Puerto Rico regularly to help familiarize new grantees and key stakeholders with the Section 108 program and provide more technical assistance to existing grantees.

Conclusion

Many CDBG entitlement jurisdictions in Puerto Rico noted that they are using the Section 108 program to "stretch" their CDBG funds. It appears that, in high-need areas, municipios are using Section 108 Loans as a means of utilizing tomorrow's CDBG award today. On the one hand, this allows them to fund large-scale projects and groups of projects that otherwise would have insufficient funding. This is especially true of public facilities projects that are unlikely to generate revenue. On the other hand, this forces recipients to commit significant portions of future CDBG awards to repaying Section 108 loans, drastically limiting their ability to fund other needed projects. Furthermore, though Section 108 funds are lent at low interest rates, repayment of interest is an additional cost that recipients would not incur if they were able to leverage additional sources of funding without borrowing private money.

The regulations governing the CDBG program allow grantees to pre-incur CDBG costs as an alternative to Section 108 financing (24 CFR 570.200(h)). With HUD's approval, a grantee may fund an eligible activity and then reimburse itself over a number of years as future CDBG awards become available. Puerto Rican entitlements could take advantage of this provision for the smaller public facilities projects that are "rolled up" into a large Section 108 loan. However, it is possible that grantees prefer the longer repayment period—up to 20 years—allowed by the Section 108 program. Though 570.200(h) does not specify a maximum number of years against which grantees may pre-incur costs, it is unlikely that HUD would approve anything close to 20 years. It is also possible that grantees (Puerto Rico grantees included) do not know about this relatively obscure regulatory provision.

From the information provided by the Field Office and the 22 grantees, we may conclude that the Section 108 projects have provided some benefits to the residents of Puerto Rico. According to their accounts, Puerto Ricans have more viable urban landscapes, recreational and cultural amenities, access to needed services, and improved infrastructure as a direct result of Section 108 funds. The grantees believe that the projects they have undertaken have helped to better the health and social well-being of the communities. They also noted that these projects have inspired some communities to seek additional funds to further economic development and small business opportunities.

Measuring the benefits in quantifiable terms is more challenging. It is unclear to what extent Section 108 investment has created full-time, permanent jobs and generated increased property and sales tax revenue. In part, this is because many of Puerto Rico's Section 108 projects within the scope of this study are not yet complete. Implementing complicated, federally funded projects in Puerto Rico requires surmounting many administrative hurdles. In addition, some grantees noted that construction permits are granted for up to 1 year, and the rainy season leads to construction delays, which in turn lead to the need for reapplying for previously issued permits. If HUD were to require Section 108 recipients to report information in IDIS (Integrated Disbursement and Information System), as recipients of other major HUD Community Development program funds are required to do, then the process of collecting project-specific data would be considerably streamlined.

Appendix D: Pennsylvania Consortium Projects

As part of Governor Rendell's Economic Stimulus Program in 2004, the Commonwealth of Pennsylvania initiated an effort to assist non-entitlement communities in using the HUD Section 108 Loan Guarantee program. Under the name of the Pennsylvania Section 108 Loan Consortium, the Department of Community and Economic Development (DCED) instituted program guidelines and procedures necessary for Pennsylvania non-entitlement jurisdictions to apply for Section 108 funding. Since a pledge of the Commonwealth's future CDBG funding is statutorily necessary, all non-entitlement wishing to utilize the program must conform to the guidelines; however, non-entitlement communities have the option of applying independently from the consortium. As an incentive to join, the Commonwealth will guarantee repayment of loans for economic development activities for members of the consortium, provide technical assistance to initially screen prospective transactions for eligibility and credit, and assist the community in packaging the application to HUD.

The Commonwealth guarantee for economic development protects the CDBG allocations of the members of the consortium. The Commonwealth established a loan guarantee account that it funds annually. Consequently, the consortium will create an insurance vehicle for the portfolio related to economic development.

Defaults and foreclosure are a normal part of lending. In the private markets, a loan liquidated in foreclosure experiences a loss of approximately 35 percent. Prudent underwriting should spread the risk of any one transaction entering foreclosure to 1 in 10 (with the worst case being 1 in 5). If a community making one $1 million loan has the misfortune of entering liquidation (the 1 in 10), the locality faces a likely liability of $350,000 (although public lenders may incur greater loss than private lenders). By spreading the risk over a portfolio of loans, the Commonwealth can mitigate risk to individual communities making a limited number of loans. Theoretically, the Commonwealth could guarantee a $10 million portfolio with the same $350,000. In addition, the Commonwealth could add a relatively small spread (75 to 100 basis points) to the cost of Level #1 funds to finance the future losses forecast.

With organizational efforts, DCED was able to establish a consortium consisting of 40 non-entitlement member communities. In 2005, approximately 31 communities sponsored two "generic" applications for a total of $88 million. Each transaction must document conformance with underwriting guidelines and additional security.

The Commonwealth designates numerous (non-entitlement) communities under its state CDBG program as "entitlements." Accordingly, they receive an established amount each year as CDBG allocations. Other communities apply for open funding each year on a competitive basis. The maximum Section 108 loan limit is $7 million for "entitlement communities" and $3 million for other communities.

Although the consortium has generated numerous applications and loan volume after 2007, there were only three loan approvals for a total of $3.32 million during the study period of 2002 to 2007. The following brief descriptions summarize the transactions:

City of Arnold

Project Description: The City of Arnold plans to redevelop a blighted area by purchasing 23 parcels; relocating 12 residences and one commercial interest; demolishing 17 residences and selling the improved parcels to businesses and/ or developers. The area qualifies as a Redevelopment Area under state law and suffers from numerous blighting influences. In addition, it has experienced high crime rates and active, illegal drug activity.

Applicant: The City of Arnold; Westmoreland County

Section 108 Loan Amount: $320,000

Project Cost: $1.1 million

Additional Security: The Commonwealth has a first mortgage on the improved land. When the parcels are sold, the proceeds are pledged to repay the loan. Since the transaction is not an economic development activity, the Commonwealth has not guaranteed repayment of the loan.

Eligible Activity: Acquisition of real estate (24 570.703(a)) and relocation (24 570.703(d)).

National Objective: Elimination of Slums and Blight on an area basis (24 570.208(b(1))

Results: The City has completed the acquisition, demolition and relocation and is actively marketing the sale of the improved properties to prospective businesses and developers for development. The first parcel is currently under a sales option. The City utilized the Section 108 loan to leverage approximately $800,000 towards completion of the project. The project eliminated seventeen blighted structures and created improved parcels for productive use. The Section 108 loan is current on all payments. Regarding redundancy, the City had exhausted grant capacity by securing a BEDI grant and Commonwealth award in the capital structure. In general, municipal bonds are not cost effective for such small amounts due to fixed issuance costs. Moreover, the spread between taxable and tax-exempt rates are small and the extension of the full faith and credit of the City requires an expensive and time consuming referendum. The redevelopment project involving the Section 108 funds has the potential for acting as a catalyst for future investment, increased job opportunities and incremental taxes to the locality.

City of Farrell

Project Description: The City of Farrell utilized the Section 108 loan to fund infrastructure improvements in support of Centennial Place, a $27 million HOPE VI project involving the demolition of 100 dilapidated units, the purchase of 200 lots and the construction of approximately 130 units of housing. The development plan includes 12 for sale, affordable units; 80 public housing units; a community center and 35 low-income tax credit units.

Applicant: The City of Farrell; Mercer County

Section 108 Loan Amount: $1 million

Project Cost: $27 million

Additional Security: The City pledged repayments from its Revolving Loan Fund as security for the Section 108 loan. The Commonwealth estimated the present value of the income stream related to the RLF to be approximately $1.4 million. The City is making actual payments from its CDBG account although the pledge of the RLF serves as a stand-by. Since the transaction is not economic development, the Commonwealth guarantee is not extended.

Eligible Activity: Public Facilities (24 CFR 570.703(l))

National Objective: Benefit to Low and Moderate Income Citizen via Area Benefit (24 CFR 570.208(a)(1)(i))

Results: The infrastructure and the first phase of the HOPE VI project have been completed. All twelve of the for-sale units have sold and the 115 rental units have achieved stabilized occupancy. The Section 108 funds provided funding for publicly owned infrastructure necessary to fully redevelop the area and to evidence public investment in a revitalized neighborhood. Injecting $27 million of new investment with glaring infrastructure deficiencies would have diluted the effect of the project. Regarding redundancy, the municipal bond market is probably the only alternative. The issuance costs are primarily fixed and require relatively large loans to be cost effective. In addition, the extension of the full faith and credit of the City requires a time consuming and costly referendum. Furthermore, the spreads between tax-exempt (municipal bonds) and taxable (Section 108) instruments are nominal. The loan is current.

Monessen

Project Description: Faced with a brownfield site (former steel operation) within its corporate limits, the City of Monessen, actively sought developers to mitigate the environmental issues and place the property into productive service. Due to the high cost of remediation and market inability to generate sufficient net rents necessary to amortize the costs, the City approached the Commonwealth for a grant. Developers proposed an office building of approximately 43,000 square feet. The fully loaded cost (including remediation) was approximately $7.6 million. As part of the capital structure, the developer also proposed a $2 million Section 108 loan. The project is located in a census tract with a poverty rate of 42%. The transaction is forecast to create 185 new jobs (full time equivalents).

Applicant: The City of Monessen; Westmoreland County

Section 108 Loan Amount: $2 million

Project Cost: $7.6 million

Additional Security: The Commonwealth has a first mortgage on the real estate. To conform to the underwriting guidelines regarding security, the market value of the land and improvement must equal or exceed $2.5 million (approximately one-third of project cost). According to the application, the property appraised for $5 million. Since the transaction involves an economic development activity, the Commonwealth will guarantee payment.

Eligible Activity: Special Economic Development (24 CFR 570.703(i) and 24 CFR 570.203(b))

National Objective: Benefit to Low and Moderate Income Citizens via Job Creation (24 CFR 570.208(a)(4)(i))

Results: The developer has purchased the land; completed the environmental remediation; finished construction of the office building and placed the property in service. The property has not achieved stabilized occupancy but is beyond the break-even point. At present, the venture has created approximately 185 new jobs (FTE's) and satisfied the employment goal in the first year of operation. Since the project is located in a census tract with a poverty rate in excess of 20% (42%) and evidences general distress, all of the jobs are presumed to be low and moderate-income (24 CFR 570.208(a)(4)(iv)(B)). Regarding redundancy, the developer had no alternative in securing a fixed rate, twenty-year loan. The project needed long term financing to provide affordable debt service and comply with debt coverage standards. In addition, if the index for a floating rate loan increased, the developer has no ability to raise the rents commensurately. To control these risks, the project needed the fixed rates and extended maturities which are prominent features of the Section 108 program. The loan is current. The Section 108 funds filled a financing gap in the proposed project and allowed the City to transform a fallow, polluted site into productive job creating and tax-paying uses.

Summary

The Consortium has provided direction and guidance to non-entitlement communities attempting to utilize the Section 108 program in the Commonwealth of Pennsylvania. The three projects approved during the study period include public facilities in support of affordable housing; traditional redevelopment activities and economic development.

- The communities have completed all projects.
- The loans are current.
- The communities targeted all activities to distressed areas (HUD regulations do not require this).
- The communities documented eligible activity; national objective and public benefit, if applicable.
- All projects will increase the tax base.
- All projects leveraged other private or public sources and have served as a catalyst for future investment.
- The economic development transaction met its employment goals in the first year of operation.

Table D.1. HUD Section 108 Loans Approved

Applicant	108 Loan Amount	Loan Use	Project Description
City of New Castle	$2,600,000	road construction; architect/ engineering fees; miscellaneous costs; landscaping/river walk improvements	Infrastructure improvements in support of comprehensive revitalization and redevelopment of the central business district in the City of New Castle.
City of Monessen	$2,000,000	renovations to 4-story office building.	Monessen Riverfront Industrial Park Phase II - Office Building - interior finishes and build-outs of office space.
City of Arnold	$320,000	acquisition of land & buildings; relocation; legal & delivery expenses;	Arnold Redevelopment Project - acquisition, relocation, demolition, and disposition of real property to private developers.
City of Farrell	$1,000,000	roads and street improvements	Construction of streets, curbs, sidewalks, handicap ramps, and storm drainage improvements.
Six non-entitlement communities	$35,000,000	Special Economic Development	Allow Boscov's to continue operations and retain 1,000 jobs

Table D.2. HUD Section 108 Loans Pending Approval

Applicant	108 Loan Amount	Loan Use	Project Description
City of Carbondale	$4,000,000	new construction; fees; and contingencies	Pioneer Plaza Project - Construction of parking garage and 7,800 sq. ft. of retail space
Township of Somerset	$1,100,000	new construction	Construction of sewer improvements along Berlin-Plank Road in Somerset Township. Includes the installation of 18,600 linear feet of sanitary sewer line, manholes and a pump station to service five businesses and 42 single-family residences.
City of Jeannette	$966,000*	public infrastructure improvements	Street reconstruction, concrete curbing, sidewalk construction, storm drainage improvements, parade strip and cul-de-sac landscaping.

* The amount of the loan for the City of Jeannette may be reduced prior to closing.

Appendix E: HUD Section 108 Loan Guarantee Projects Funded from FY 2002 through FY 2007

The following table provides a description of the projects funded during the study period. The information is derived from the HUD Section 108 Web site and from project files. This listing is intended to show how Section 108 financing works in communities, providing financing for economic development, housing rehabilitation, public facilities, and large-scale physical development projects. According to information on the HUD Section 108 Web site, over 1,200 projects have been funded since the program's inception in 1978.[19]

[19] See: http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/communitydevelopment/programs/108/casestudies.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2002	Macedon Town NY MidLakes Erie, Ltd., Project	NY	Macedon	Economic Development	The Town of Macedon has taken steps to revive its tourism business by utilizing $434,000 in Section 108 loan guarantee assistance toward the Midlakes Erie, Ltd. (Midlakes) Project. The Town will lend Section 108 proceeds to Midlakes to purchase four canal cruise boats. Midlakes will use private financing and equity to construct an 18,000 sq. ft. marine and retail service building. Midlakes will contribute $73,750 of Section 108 loan proceeds to reimburse the Town for costs associated with the recently constructed public canal access center (Center). The Town will lease the Center to Midlakes in order to establish a base of operations, and Midlakes will manage the Center on behalf of the Town. Total project cost is estimated at $1,676,682. Midlakes is expected to create 32 new full-time permanent jobs within three years.
2002	Wayne County NY Erie Canal Cultural Center	NY	Village of Lyons	Public Facilities	Wayne County will utilize $2,450,000 in Section 108 loan guarantee assistance to finance the Erie Canal Cultural Center Project in the Village of Lyons. The County will lend Section 108 proceeds to the Erie Canal Cultural Center, Inc. (ECCC) a private nonprofit organization. ECCC will renovate the 43,053 sq. ft. Hammett Building Complex, a former factory/warehouse, for use as a regional cultural, educational, and arts center, primarily designed to raise awareness of the Erie Canal. Total project cost is estimated at $3,377,186 and is expected result in 56 new full-time jobs within five years.
2002	Fulton NY Canal Corridor Project	NY	Fulton	Economic Development	The City of Fulton was awarded $250,000 in Section 108 loan funds that will finance the Canal Corridor Initiative Project. The City will lend Section 108 funds to Peppercorns, Inc. in order to open a second Dunkin' Donuts store in Fulton. Peppercorns, Inc will use the Section 108 funds to purchase furniture, fixtures, equipment, the franchise fee, and signage. The project is expected to create nine new full-time jobs within three years. Total project cost is estimated at $350,000.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2002	Hawthorne CA Commercial Redevelopment Project	CA	Hawthorne	Economic Development	The City of Hawthorne will carry out redevelopment activities in the City's Hawthorne Boulevard commercial district with $1,000,000 in Section 108 loan guarantee assistance. Hawthorne Blvd. is the primary commercial district to several surrounding residential neighborhoods principally comprised of low- and moderate-income persons. Section 108 funds will be used to assist for-profit businesses to make façade improvements and to correct code violations on their properties.
2002	El Cajon CA Fire Station No. 8	CA	El Cajon	Public Facilities	The Section 108 program will enable the City of El Cajon to fulfill its commitment to public safety by providing $2,260,000 in loan guarantee assistance to finance the construction of a new fire station. The existing fire station lacks the capacity to house a full-time paramedic unit while the new station will accommodate two engines and one permanent paramedic unit. The Section 108 assistance is being made in conjunction with a HUD FY 2001 Brownfields Economic Development Initiative (BEDI) grant in the amount of $450,000. The BEDI grant will be used to pay for costs associated with the environmental cleanup of the new site. Total project cost is estimated at $2,953,000. Completion is scheduled within 36 months and will principally benefit the low- and moderate-income area residents.
2002	Newport Beach CA Balboa Peninsula Public Facilities	CA	Newport Beach	Public Facilities	The City of Newport Beach was awarded $2,400,000 in Section 108 loan guarantee assistance in order to commence the Balboa Peninsula Public Facilities Improvements Project. The loan funds will be used for real property acquisition, curb removal, and construction of new curbs, gutters, and sidewalks. The project will also include street improvements, such as storm drains, water lines, street lighting, landscaping, and partial under-grounding of utilities. The project is part of an overall plan to revitalize Balboa Peninsula neighborhoods and will principally benefit low- and moderate-income area residents.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2002	Hammond IN West Point Industrial Park/Downtown Dev./ Empowerment Zone	IN	Hammond	Public Facilities	Section 108 will enable the City of Hammond to redevelop a brownfield site and a vacant downtown lot. The City will receive $6,500,000 in Section 108 loan guarantee assistance to finance this project. The total project cost is $24,330,523. The redevelopment of the two sites is expected to create 900 permanent jobs, principally for low- and moderate-income persons. West Point Plaza Industrial Park. Hammond has designated the West Point Plaza Industrial Park as a pilot site for brownfields redevelopment. The site, previously used for as a steel slag dump, will become a light to heavy manufacturing park. The City will use $3,000,000 in Section 108 funds toward site preparation, construction, reconstruction, and/or installation of public improvements, utilities and facilities. Total cost of the redevelopment is $7,228,842. Downtown Development. Hammond will use $3,500,000 in Section 108 proceeds to redevelop a downtown site as the location for a new 15,000 sq. ft. drugstore and a 60,100 sq. ft. office building. The City will use the funds for acquisition, demolition, and site preparation and will restore contaminated land to a condition suitable for development, while also eliminating liability for the health and safety of Hammond residents. Total cost of the redevelopment is $17,101,681.
2003	Bluffwalk Center	VA	Lynchburg	Economic Development	The City of Lynchburg, VA was awarded a $3,200,000 Section 108 loan guarantee and an $800,000 Economic Development Initiative (EDI) Grant to provide financing to the developer of the BluffWalk Center, a multi-use hospitality complex. This project, which is in the Lower Basin Historic District of downtown Lynchburg, involves the redevelopment of two vacant historic buildings: an old shoe manufacturing building and the Piedmont Tobacco building, into a 43-room boutique hotel, a 150-seat conference center, a dinner-only restaurant and a lunch/dinner café/pub. The hotel will be marketed as part of the Historic Hotels of America. The project will create 97 new jobs of which 51% will be available to low and moderate-income persons.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2002	Rockland County NY Haverstraw Local Waterfront Revitalization Project	NY	Haverstraw	Economic Development	Rockland County was awarded $1,000,000 in Section 108 loan funds that will be used in conjunction with its $500,000 HUD Regional Economic Development Initiative (REDI) to provide a portion of the financial assistance for a three-phase multi-use, waterfront economic revitalization project in the Village of Haverstraw's Urban Renewal Area. The project will abate blighting conditions present among the abandoned manufacturing sites and related commercial activities. The entire project will create 850 units of housing, which will comprise market rate rental and for-sale units, along with 170 units of affordable rental housing. It will also include retail development, a children's museum, structured parking, park and recreational improvements, restaurants and some Village main street enhancements. In the project's first phase, the developer will finance the demolition, clearing, environmental remediation, and soil stabilization. These activities will facilitate construction of a 50-foot wide, 2.2-mile Esplanade along the Hudson River shoreline. For this, the County will provide the $500,000 REDI grant and will lend the $1,000,000 in Section 108 guaranteed loan proceeds to the for-profit developer, MDG, KV, Holdings, LLC. The total cost of this portion of the project is estimated at $7,750,000. The total public/private investment for the project is approximately $170 million.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2002	Montgomery County PA Riverview Redevelopment Project	PA	West Norriton	Economic Development	With the help of Section 108's award of $3,000,000 in loan guarantee assistance, Montgomery County has taken a significant first step towards implementing the 63-acre Riverview Redevelopment Project in West Norriton Township. The County, through its Redevelopment Authority, will lend the funds to Valley Forge Center Associates, LP, which owns the Riverview Project site. This assistance will finance a portion of the project's site preparation and infrastructure improvements, including the construction of a loop road and a recreational trail that links to the 30-mile Valley Forge bicycle path. These improvements will specifically facilitate construction and enhance viability of a 90,000 sq. foot office building along with renovation of several office buildings totaling 57,000 sq. feet. The Section 108 funds are being made in conjunction with a HUD Brownfields Economic Development Initiative award of $2,000,000 that will be used toward site remediation. Section 108 related activities are expected to create 150 new full-time jobs, principally for low- and moderate-income persons. There are currently nine structures on the 63-acre project site, of which all but two will need to be demolished and remediation. The site' remediation will also address soil and groundwater contamination issues. Total redevelopment of the entire project site will include a total of approximately 803,000 sq. ft. of new commercial, office, and space. The redevelopment will also provide 720 apartment units. Total cost of the entire project is expected to exceed $100,000,000 and will create an estimated 3,500 jobs.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2002	Cumberland County NJ Cumberland County Business Loan Program	NJ		Economic Development	Cumberland County will utilize $5,500,000 in Section 108 loan funds to establish a Business Loan Program to be made available for businesses within the County's boundaries. The County is a non-entitlement community under the CDBG program. The New Jersey Economic Development Authority will jointly administer the County's loan with the Cumberland Empowerment Zone Corporation. The Section 108 funds will used be in conjunction with an Economic Development Initiative grant ($600,000) that will be used to fund a debt reserve account. The program will leverage a total of $14,200,000 in other public and private financing.
2002	New Castle PA Infrastructure Improvements for the Downtown Redevelopment Project	PA	New Castle	Economic Development	The City of New Castle will renovate the former Warner Theater by utilizing $2,600,000 in Section 108 loan funds to finance key infrastructure improvements that will enhance the theater's renovation. The former theater will be converted into a downtown theme mall and an indoor children's park. The funds will be used toward road reconstruction, landscaping, and river walk improvements. The project will principally benefit low- and moderate-income persons living in the service area and is expected to create 276 full-time permanent jobs. Total project cost is estimated at $11,423,180.
2002	Port Townsend WA Northwest Maritime Center/National Landmark Historic District	WA	Port Townsend	Public Facilities	The City of Port Townsend secured $1,000,000 in Section 108 loan guarantee assistance to help finance the development of the Port Townsend Northwest Maritime Center (NWMC). The City will lend Section 108 proceeds to NWMC, a nonprofit organization, which will acquire the site, rehabilitate the existing dock, and construct two buildings. The two-acre NWMC site is an abandoned and unsafe bulk oil storage terminal on Port Townsend Bay. When completed, the 25,000 sq. ft. NWMC will provide public meeting space, commercial retail space, space for boat building and restoration, and boating activities. Space will also be available for educational and vocational training. The Section 108 assistance is being made in conjunction with a HUD Brownfields Economic Development Initiative (BEDI) grant in the amount of $1,000,000, which will be used to address site contamination issues. The total project cost is estimated at $8,996,000.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2002	Juncos PR Multiple Projects	PR	Juncos	Public Facilities	The City of Juncos was awarded $2,385,000 in Section 108 loan guarantee assistance that will finance the following three projects: 1. Juncos Marketplace - Acquisition and renovation of two buildings, which will become part of the Juncos Marketplace at Pueblo Ward. These two buildings will provide space for up to 14 vendors and small businesses. 2. Municipal Cemetery - Acquisition of 4.25 acres to be used as an addition to the municipal cemetery. This property will provide an additional 700 interment spaces. 3. Valenciano Sports Complex - Acquisition of property and expansion of capacity of facilities at the City's Valenciano Sports Complex.
2002	Jayuya PR Urban Core Project	PR	Jayuya	Public Facilities	The development of a multi-use complex in Jayuya was made possible via a Section 108 award of $3,000,000 in loan guarantee assistance that will be used to finance construction. The project will include: (1) the restoration of the Catalina Figueras School and three adjacent buildings; (2) construction of a theater; (3) restoration and expansion of the Municipality's Public Square, and; (4) acquisition and restoration of five houses to be used as a Guest House/Inn. The construction of parking facilities will be coupled with the development. The built-out complex is expected ultimately to create 62 full-time jobs.
2002	O'Brien's Seafood Restaurant Project	AL	Birming-ham	Economic Development	The City of Birmingham will promote business growth by utilizing $400,000 in Section 108 loan guarantee assistance to finance expansion of O'Brien's Seafood Restaurant. The loan funds will be used to partially finance construction costs of its expansion. Upon completion, the project will create 49 full-time jobs, principally for low- and moderate-income persons. Total project cost is estimated at $2,165,200.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2002	Birmingham Commerce Center (Heavy Metal, LLC.)	AL	Birming-ham	Economic Development	The City of Birmingham will renovate an abandoned industrial site with the help of a Section 108 award of $2,000,000 in loan guarantee assistance to finance the Birmingham Commerce Center Project. The loan funds will be used to convert the former Mosher Steel site into a multi-tenant, light-manufacturing, office and warehouse facility. Section 108 assistance is in conjunction with HUD's Economic Development Initiative (EDI) grant in the amount of $450,000. Section 108 and EDI funds will leverage an estimated $5,240,000 in additional funding. The project is expected to create 186 permanent jobs, principally for low- and moderate-income persons.
2002	Fort Conde Village Renovation	AL	Mobile	Economic Development	Section 108 will help realize the City of Mobile's goal of rehabilitating the Fort Conde Village complex with an award of $1,275,000 in loan guarantee assistance. The project will renovate seven vacant buildings - six of which will be converted into 23,549 square feet of office space, and a seventh that will become an 11-room bed and breakfast inn. The City has entered into a 50-year lease with the developer, Fort Conde Restoration Venture, LLC, for the rehabilitation and management of the Village, which is listed on the National Register of Historic Districts. Total project cost is estimated at $3,187,000. The project is expected to improve the blighted area while creating 37 permanent jobs, principally for low- and moderate-income persons.
2002	Adeline Street Apartments	CA	Berkeley	Economic Development	HUD awarded the City of Berkeley $500,000 in loan guarantee assistance that will help finance the commercial portion of an Adeline Housing Development Project located in South Berkeley. Section 108 funds will finance the project's commercial construction costs and soft costs. The total project cost is $5,084,222 and is anticipated to create 15 full-time jobs for low- and moderate-income persons.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2002	Berkeley CA Commercial & Affordable Housing Project	CA	Berkeley	Housing	The City of Berkeley will utilize $800,000 in Section 108 loan guarantee assistance to finance construction of the commercial portion of a mixed-use residential and retail project. Affordable Housing Associates (AHA), a non-profit development corporation, intends to construct a 27-unit apartment complex in conjunction with 4,740 sq. ft. of ground floor retail space. The apartments will be made available to low-income and special needs households. The retail space will house a 3,720 sq. ft. restaurant and 1,020 sq. ft. of other retail uses. AHA will be the general partner in a for-profit limited partnership that will own and operate the facility. Total project cost is estimated at $9,135,000.
2002	San Jose CA Downtown Mixed-use Project	CA	San Jose	Public Facilities	Section 108 will contribute to the City of San Jose's downtown redevelopment with $13,000,000 in loan guarantee assistance that will partially finance construction of a new 800-space parking deck. The 800 spaces are needed to replace the 1,000 spaces that will be lost due to redevelopment in the five-block "Mitchell Block" area. This redevelopment calls for 500,000 sq. ft. of residential space, 200,000 sq. ft. of retail space, 300,000 sq. ft. of hotel and 500,000 sq. ft of office space. The San Jose Redevelopment Agency (RA), acting as the borrower, will use $4,000,000 of its own funds to acquire the former Greyhound Bus terminal, a brownfield site. The RA will also acquire and remediate the site, then construct the parking deck using a combination of $13,000,000 in Section 108 funds and $11,000,000 more of its own funds. A HUD Brownfields Economic Development Initiative grant of $2,000,000 will be used to pay interest on the Section 108 debt. Total redevelopment cost is estimated at $421,900,000 and is expected to result in 2,700 new jobs.
2002	Santa Cruz CA Community & Childcare Center	CA	Santa Cruz	Public Facilities	The City of Santa Cruz will build the Community and Childcare Center project with $1,000,000 in Section 108 loan guarantee financing. The City will use Section 108 loan proceeds for construction hard costs to build a 5,200 sq. ft. facility on land it already owns. The Center will principally benefit low- and moderate-income area residents. Total project cost is $1,393,688.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2002	Livermore CA Tri-Valley Haven Shelter	CA	Livermore	Public Facilities	The City of Livermore's Family Crisis Shelter will be rehabilitated with $475,000 in loan guarantee assistance. The shelter is one of only three in the Tri-Valley region. This region is also composed of Pleasanton and Dublin, both of which will participate in the project. The City will grant the Section 108 loan proceeds to Tri-Valley Haven, a non-profit agency, in exchange for managing and operating the facility. The Section 108 funds will be used for acquisition financing and a portion of the shelter rehabilitation. Total project cost is estimated at $575,000.
2002	Vacaville CA Social Service Center	CA	Vacaville	Public Facilities	The City of Vacaville's efforts to improve delivery of services to low and moderate income persons will be enhanced through the award of $1,000,000 in loan guarantee assistance. The guaranteed loan will finance land acquisition, site preparation, and construction of a new 50,000 sq. ft. social service center. The City's loan was made in conjunction with a $250,000 HUD Economic Development Initiative (EDI) grant, which will be used toward acquisition and abatement of the site's environmental conditions. The new center, which will consolidate services currently scattered throughout the City, will include a homeless shelter. The center's total estimated cost is $2,264,200.
2002	San Diego CA Logan Heights/ Barrio Logan Library	CA	San Diego	Public Facilities	The City of San Diego will utilize $3,030,000 in Section 108 loan guarantee assistance to finance construction of a new 25,000 sq. ft. library located in the Logan Heights and Barrio Logan neighborhoods. The new library will replace an outmoded but heavily used 3,967 sq. ft. library facility. The new library will feature an expanded children's area, enhanced study and reading space, a community meeting room, a state-of-the-art computer facility, and increased parking. The library will principally serve low- and moderate-income area residents. The library's total cost is estimated at $8,300,000.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2002	Oceanside CA Libby Lake Community Center	CA	Ocenaside	Public Facilities	The City of Oceanside will utilize $1,500,000 in Section 108 loan guarantee assistance to build the Calle Montecito neighborhood multi-purpose community facility. The 15,000 sq. ft. facility will be leased to non-profit organizations to provide a range of program services, including youth activities, adult education classes, job training, and neighborhood events. The facility is located at North River Road and Calle Montecito Street, the primary entry into the neighborhood. The Section 108 assistance is being made in conjunction with a HUD Economic Development Initiative (EDI) grant in the amount of $414,087. Total project cost is estimated at $4,123,662. The facility will principally benefit low- and moderate-income residents.
2002	Rialto CA Senior Citizen Center	CA	Rialto	Public Facilities	The City of Rialto received an award of $3,060,000 in guarantee loan funds that will help finance a senior center project. The project involves constructing a 17,000 sq. ft. facility, and will include 86 off-street parking spaces. The center will house banking services, postal services, a dividable multi-purpose room, stage, billiard room, beauty salon, computer classroom, conference room, television, audio library, exterior courtyard, and kitchen. The center's total project cost is estimated at $4,660,000.
2002	Santa Clarita CA Santa Clarita Valley Boys & Girls Club	CA	Santa Clarita	Public Facilities	Section 108 will help finance the construction of the City of Santa Clarita's Valley Boys and Girls Club (Club) with an award of $350,000 in loan guarantee assistance. The City will work in partnership with the Santa Clarita School District and the Club to construct a 27,000 sq. ft. facility located at the Sierra Vista Jr. High School. The Club will occupy 75 percent of the facility, providing a gymnasium and a computer-learning center. The remaining 25 percent will be used for School District classrooms. The Club will be open to the general public, but will principally serve low- and moderate-income area residents. Total project cost is estimated at $6,200,000.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2002	Santa Clarita CA Scherzinger Lane Project	CA	Santa Clarita	Public Facilities	The City of Santa Clarita was awarded $1,150,000 in Section 108 loan guarantee assistance to finance public improvements. The project will involve construction of a one-mile extension to Scherzinger Lane, and a connection to the Sierra Highway. The improvements will clean up the area, provide concrete surfaces to control storm water runoff, and increase pedestrian safety. The improvements will principally benefit low- and moderate-income area residents. Total cost of improvements is estimated at $1,345,000.
2002	Denver CO YMCA Center Project	CO	Denver	Housing	The City of Denver will implement an affordable housing initiative by utilizing $8,500,000 in Section 108 loan guarantee assistance to finance the acquisition and renovation of the Central YMCA building. This project, located Denver's downtown area, will convert the YMCA into a 226-unit affordable rental-housing complex. Section 108 funds will be used in conjunction with a $500,000 of Economic Development Initiative (EDI) grant awarded in 2001. Civic Center Housing, a limited partnership organized by the Colorado Coalition for Homeless, will manage the project and arrange for equity investments in the project through sale of federal low-income housing tax credits, historic-tax credits, and state-housing tax credits. Total project cost is estimated at $17,200,000.
2002	Denver CO Historic Clocktower Building	CO	Denver	Housing	HUD awarded the City of Denver $3,400,000 in loan guarantee assistance in order to finance the renovation of the City's historic Clocktower Building. The renovation will convert the four-story building into 37 loft units of mixed-income rental housing. A $425,000 HUD Economic Development Initiative (EDI) grant, awarded in FY 2000, was made in conjunction with the Section 108 financing. The Clocktower Limited Partnership will carry out the project and arrange for equity investments in the project through sale of low-income housing tax credits and historic-tax credits. Upon completion, low- and moderate-income households will occupy a majority of the units. Total project cost is estimated at $6,980,830.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2002	Northeast Park Hill Neighborhood Project	CO	Denver	Economic Development	The City of Denver has commenced an economic development initiative with the help of $7,500,000 in Section 108 loan funds that will help finance the Northeast Park Hill Neighborhood Project. The City will loan the funds to the Denver Urban Renewal Authority for acquisition, demolition, remediation, site preparation, relocation payments, interest payments, and associated costs. The project is expected to create 175 permanent entry- and supervisory-level jobs, of which 51 percent will be held by, or made available to, low- and moderate-income persons. The project will also construct 36 units of housing and make improvements to 94 additional units. The Section 108 assistance is being made in conjunction with the City's Economic Development Initiative (EDI) grant in the amount of $1,000,000. Total project cost is estimated at $32,474,000.
2002	Middletown CT Miller & Bridge Street Project	CT	Middle-town	Economic Development	The City of Middletown has commenced Phase II of the City's Miller and Bridge Street Redevelopment Plan and will utilize an award of $300,000 in Section 108 loan guarantee to assist in financing acquisition of real property, relocation of residents and clearance of structures in the blighted area. All structures are within 100 feet of existing railroad tracks and freeways. There are a total of 29 lots, 22 principal buildings, 36 residential units (rental and owner-occupied), a church and a restaurant in the neighborhood. The Section 108 fund will primarily pay for acquisition of 3 properties.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2002	Boise ID Federal Way Affordable Housing	ID	Boise	Housing	HUD will finance the City of Boise's housing initiative with an award of $3,400,000 in loan guarantee assistance to increase supply of affordable rental and homeownership opportunities for the city's lower income households. The City will purchase approximately 26 acres of land from Ziegler-Tamura Company, Ltd. Seventeen acres will be developed as a planned-unit development and the remaining acreage will be sold to the Boise Housing Corporation (BHC), a non-profit housing developer. Section 108 funds will finance costs associated with land acquisition, utility installation, engineering, streets, sidewalks, curb and gutters. The City will make 100 homeownership units available to qualifying low-income families, within its planned-unit development. BHC will also build a 250-unit Low-Income Housing Tax Credit apartment project.
2002	Boise ID Vista Ave. Affordable Housing	ID	Boise	Housing	HUD awarded the City of Boise $2,100,000 in loan guarantee assistance to finance an affordable housing initiative. The guaranteed loan funds will finance the Vista Avenue Affordable Housing Project. The project will convert an extended stay motel into low-income apartments. Upon completion, the project will provide 80 units of affordable housing for low- and moderate-income families. Total project cost is estimated at $3,148,000.
2002	New Orleans LA Palace of the East Project	LA	New Orleans	Economic Development	The City of New Orleans will use Section 108's award of $5,000,000 in loan guarantee assistance to finance the Palace of the East Megaplex Theater Project. Section 108 funds will be lent to the Palace of the East, LLC, to construct a 52,000 square-foot theater within the Lake Forest Plaza Mall, which is located in the heart of East New Orleans. Upon completion, the Megaplex Theater will include 12 screens with 2,250 seats. Additional lease space will be available for large and small group shows, and special events. The project expects to create 100 full-time jobs, principally held by low- and moderate-income persons.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2002	New Orleans LA Louisiana ArtWorks Project	LA	New Orleans	Economic Development	Section 108 awarded the City of New Orleans $7,100,000 in loan guarantee assistance that will finance an arts and cultural project known as the Louisiana ArtWorks (ArtWorks), a joint venture among the City, the New Orleans Arts Council, and the State of Louisiana. The City will lend Section 108 loan proceeds to the Arts Council, a nonprofit arts organization, for restoration of a building façade, improvements to an existing building, and new construction that upon completion will provide 90,000 square feet of commercial space. The Arts Council, which has extensive experience in promoting the arts, developing programs and locating venues for showcasing the arts, will own and develop the facility. The facility will offer shared space, individual studio space, and access to specialized artist equipment. It will also offer retail opportunities while allowing the public to observe the creative process. ArtWork's total cost is estimated at $23,841,727. ArtWorks' concept of the "artists as entrepreneur" is expected to create 260 job opportunities for low- and moderate-income artists.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2003	New Bedford Oceanarium	MA	New Bedford	Public Facilities	The City of New Bedford, MA, has been awarded a $3,000,000 loan guarantee under Section 108 to assist the New Bedford Oceanarium Corporation, Inc. ("NBOC") to finance construction of a 672-space parking garage and adjacent surface parking lot of 396 spaces as part of the development of an aquarium complex in the City's historic Harbor area. The City will loan the Section 108 funds to NBOC who will construct and operate the parking facilities. The parking will be located on property adjacent to a former power plant structure currently owned by ComElectric, which will be renovated as part of the Oceanarium. Phase I, which includes the parking construction, is planned to be a 1.4 million-gallon aquarium with interactive side gallery exhibits displaying the marine resources of the region. Total project costs are estimated to be over $137,000,000. A HUD Brownfields Economic Development Initiative (BEDI) grant of $2,000,000 was awarded to the City in September, 2001, to assist in cleanup of environmental contamination in the power plant. The development of the Oceanarium is an eligible economic development activity that will meet the criteria for the national objective of benefit to low- and moderate-income persons through the creation of jobs. Phase I is expected to result in the creation of 145 new full-time equivalent jobs, of which at least 51% will be filled by low- and moderate-income persons.
2002	Springfield MA Hilton Garden Hotel & Uno	MA	Springfield	Economic Development	Section 108 will help finance the City of Springfield's Hilton Garden Hotel and Uno Restaurant Project with an award of $5,000,000 in loan guarantee assistance. The 115-room hotel and 6,000 sq. ft. restaurant will be located in the City's Neighborhood Revitalization Strategy Area and West Columbus Avenue Urban Renewal Area. The City will lend Section 108 proceeds to a for-profit entity that will construct the project. Total project cost is estimated at $11,250,000, and when completed, is expected to create 135 full-time jobs, principally for low- and moderate-income persons.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2002	Flint MI Flint Business Loan Program	MI	Flint	Economic Development	The City of Flint's Business Loan Program was established with $6,000,000 in Section 108 loan guarantee assistance. Eligible applicants for loans include private businesses, for-profit developers, non-profits, and hotel developers. The Section 108 proceeds will be used for the following activities: land acquisition, building acquisition, new construction, renovation, machinery and equipment, and working capital. The City was awarded a HUD Economic Development Initiative (EDI) Grant for $700,000 in FY 1999 to set up a loan loss reserve or a subordinated subsidized loan, depending on the City's underwriting. The City will approve the loans and monitor the use of the Section 108 and EDI funds. The program is expected to create 171 full-time equivalent jobs, to be made available primarily to the low- and moderate-income persons living in the Enterprise Community.
2002	St. Joseph MO Riverfront Industrial Project	MO	St.Joseph	Economic Development	The City of St. Joseph will utilize $10,500,000 in Section 108 loan guarantee assistance to finance the development of a 54-acre business park, which will contain approximately 948,000 square-feet of light manufacturing and distribution space. Section 108 funds will be used for acquisition, site preparation, and construction of a new 6th Street interchange, which will provide enhanced accessibility to the business park. Section 108 has been made in conjunction with a $1,200,000 HUD Brownfields Economic Development Initiative (BEDI) grant. The BEDI funds will be used toward interest payments on the Section 108 loan. The business park is part of a broader redevelopment of the City's Riverfront Industrial Area that will ultimately reclaim 244 acres of contaminated land. The business park project is estimated to cost $26,800,000 and is expected to create 930 full-time jobs, principally for low- and moderate-income persons.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2003	Business Incubator	NM	Santa Fe	Economic Development	The City of Santa Fe will promote business growth by remodeling portions of the Phase I facility of the Santa Fe Business Incubator (SFBI) to integrate with Phase II; to upgrade portions of the building; and to finance associated economic development services. The project is expected to allow the facility to meet the demonstrated demand for incubator services in Santa Fe and to increase the sustainability of the project. The incubator has a program dedicated to supporting low- and moderate-income business owners, called the Business Opportunity Program. Phase II will continue to provide support for a wide variety of businesses and will be equipped with the technology required by "New Economy" technology businesses, as well as production, office, and service spaces for all types of businesses. The Section 108 assistance is in conjunction with a HUD Economic Development Initiative (EDI) grant in the amount of $300,000. Upon completion, the project is expected to create 170 full-time jobs, principally for low- and moderate-income persons. The total project cost is estimated at $3.1 million.
2002	Middletown NY Aliton's Pharmacy Project	NY	Middle-town	Economic Development	The City of Middletown was awarded $330,000 in Section 108 loan guarantee assistance that it will lend to Aliton's Long Term Care Pharmacy. Alitons will use the $330,000 to finance acquisition of 1.8 acres of land, construction of a 12,000 square foot building, and purchase of machinery for a pharmaceutical equipment and supply center. The pharmacy will create 15 new jobs, of which at least 51% will be held by low- and moderate-income persons.
2002	Middletown NY Henry Gitner Phiatelist, Inc.	NY	Middle-town	Economic Development	The City of Middletown will assist in the expansion of local businesses by lending $145,000 in Section 108 to Henry Gitner Philatelists, Inc. (HGP). HGP will use the funds to finance acquisition and rehabilitation of a vacant 6,200 square foot office building located on .45 acres of land, including the installation of an elevator.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2002	Newburgh NY Front Street-On-The-Hudson Waterfront Rev.	NY	Newburgh	Economic Development	The City of Newburgh will finance Phase II of the Front Street-on-the-Hudson Waterfront Revitalization Project with the help of $1,000,000 in Section 108 loan guarantee assistance. A $500,000 HUD Economic Development Initiative (EDI) grant will be used in conjunction with the project. Newburgh will use loan proceeds for the development of a 72-slip marina as part of a broader waterfront revitalization effort. The Section 108 loan and the EDI grant compose a portion of the Regional Economic Development Initiative awarded to seven Hudson Valley communities and made available through the Department's FY 2000 SuperNOFA. Total project cost is estimated at $1,800,000. Forty-three full-time jobs will be created as a result of the project, principally for low- and moderate-income persons.
2002	Asheville NC South Pack Square Redevelopment	NC	Asheville	Economic Development	The City of Asheville is receiving $800,000 in loan guarantee assistance that will help finance the South Pack Square Redevelopment Project. The City will lend Section 108 funds to Eagle Market Street Development Corporation (EMSDC) in order to address distressed conditions in South Pack Square, which is a historic center for African-American commerce and culture. EMSDC will use Section 108 funds to purchase and rehabilitate three buildings and construct a fourth. The Section 108 assistance is made in conjunction with HUD's Economic Development Initiative (EDI) grant in the amount of $340,000. When finished, the City estimates the combined buildings will contain 13,000 square feet of retail/restaurant and office, along with five housing units. The total project cost is $2,413,514. The project is expected to create 24 full-time jobs.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2002	Cincinnati OH Laurel Homes HOPE VI Project	OH	Cincinnati	Public Facilities	The City of Cincinnati will reconstruct a former public housing site with the help of Section 108 by using $4,000,000 to finance public improvements associated with the Laurel Homes HOPE VI Project. The City will lend loan proceeds to the Cincinnati Metropolitan Housing Authority (CMHA), who will construct new streets, curbs, gutters, sidewalks, and water lines within the project area. The new streets will recapture the original street grid that existed prior to construction of the public housing, thereby incorporating the area back into the adjacent community. Laurel Homes will consist of 371 rental units and 100 homeownership units, 61 percent of which will be occupied by low- or moderate-income households. Upon completion, CMHA will convey the new streets to the City. Total project cost is estimated at $13,584,426.
2002	Chester PA Barry Bridge Park	PA	Chester	Public Facilities	The City of Chester began its rehabilitation of Barry Bridge Park, located on 13.37 acres of riverfront property, with the help of $3,000,000 in Section 108 loan guarantee assistance to finance park improvements. Upon completion, the Park will provide expanded recreational opportunities by improving access to a little-used public area. The Section 108 loan funds will be used by the Chester Redevelopment Authority for the following items: construction of a road, a parking lot, a recreational pier, a river walk; grading and curb work; installation of lighting, and tree planting. The City was awarded a HUD Brownfields Economic Development Initiative (BEDI) in the amount of $1,400,000 in 2001, of which $1,000,000 will be used for interest payments on the Section 108 loan, and $400,000 will be used as a debt service reserve for the project.
2002	Carlisle PA Molly Pitcher Hotel/ Affordable Housing Project	PA	Carlisle	Housing	HUD awarded the Borough of Carlisle $600,000 in loan guarantee assistance that will help finance acquisition costs for redevelopment of the Molly Pitcher Hotel into 38 affordable housing units and 1,000 square feet of storefront retail space. The project will target senior citizens with up to 60% of area median income. The Borough will partner with the Housing Development Corporation and the Redevelopment Authority of the County of Cumberland (RDA) to carry out the project, which has a total project cost estimated at $6,379,963.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2002	Charleston SC Homeownership Initiative Project	SC	Charleston	Housing	The City of Charleston received $1,000,000 in loan guarantee assistance to support the City's Homeownership Initiative Project. The City will lend the funds to a non-profit development organization for the purpose of acquiring, constructing, and rehabilitating housing within the City's Enterprise Community and Neighborhood Revitalization Strategy areas. The project is expected to produce 152 units of affordable housing, principally for first-time homebuyers. Total project cost is estimated at $22,508,600.
2002	Sumter SC Downtown Redevelopment Project	SC	Sumter	Economic Development	The City of Sumter was able to establish its Downtown Development Fund (the fund) with an award of $1,000,000 in Section 108 loan funds. The City of Sumter will loan the Section 108 amount to the City's Housing and Economic Development Corporation, a not-for-profit corporation, which will establish the fund. The fund will be used to partially finance the purchase and renovation of deteriorated and/or vacant buildings in the City's downtown. The fund is expected to promote job opportunities for the low- and moderate-income persons living in and near the City's Empowerment Zone.
2002	Lubbock TX Lubbock Housing Rehabilitation Project	TX	Lubbock	Housing	Section 108 enhanced the City of Lubbock's current housing initiative by awarding $2,000,000 in loan guarantee assistance that will finance the Housing Rehabilitation Program. The program will provide funding to improve substandard housing conditions for low- and moderate-income families on a citywide basis. The City's Community Development Department will make rehabilitation loans to owner-occupied, low- and moderate-income households. The program will result in the rehabilitation of approximately 80 homes. The components and activities to be carried out with Section 108 loan funds include: interior and exterior repairs to conserve energy and meet housing code standards; handicap accessibility and other safety improvements; and remediation of lead-based paint.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2002	Conroe TX Commercial Facades Improvement Program	TX	Conroe	Economic Development	The City of Conroe will revitalize its downtown by utilizing $1,850,000 in Section 108 loan funds to finance the Facade Improvement Program. The City will provide deferred, forgivable loans to downtown property owners as an incentive to make specific facade improvements to privately owned buildings located in a nine-square block targeted redevelopment area.
2002	Austin TX Downtown Homeless Shelter/ Health Clinic $6,030,000	TX	Austin	Public Facilities	The City of Austin will address the needs of its homeless population with an award of $6,030,000 in Section 108 loan guarantee assistance to finance construction of a homeless complex that will serve both families and individuals. Located in the downtown area, the construction of the $8,000,000, 100-bed homeless shelter, resource center, and health clinic, will increase the Austin/Travis County shelter-bed capacity by 20 percent.
2002	Austin TX Neighborhood Commercial Loan	TX	Austin	Economic Development	The City of Austin will utilize Section 108 to expand its successful Neighborhood Commercial Management Loan Program is a revolving loan program made available to small businesses located within East Austin's blighted and depressed commercial districts. The City will make below-market rate loans to small businesses to promote job creation/ retention. Eligible uses of these funds will include acquisition of land and improvements, rehabilitation, new construction, leasehold improvements, and equipment purchase. The program will leverage an additional $3,675,000 in public and private investment and is expected to create 100 full-time jobs.
2002	West Valley City UT Harvey Street Affordable Housing Project	UT	West Valley City	Housing	A Section 108 award of $3,400,000 in loan guarantee assistance will help West Valley City realize its affordable housing goals. The award financed the acquisition, demolition, and relocation costs associated with the 8.9-acre Harvey Street Redevelopment. The West Valley City Housing Authority will oversee the redevelopment that will include two affordable housing projects, totaling 167 new units, for low- and moderate-income households. One phase will be a 79-unit senior complex targeting low-income seniors, and an additional 88 units in multiple structures for low- and moderate-income households. Total redevelopment cost is estimated at $19,436,805.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2002	Auburn WA Auburn Economic Development Project	WA	Auburn	Economic Development	The City of Auburn will utilize Section 108's award of $1,237,000 in loan guarantee assistance to finance development of the Commuter Transit Station Project, located in the City's downtown core. The loan funds will be used to acquire a 14,000 sq. ft. building and make improvements to commercial space located within a commuter rail station garage. Total project cost is estimated at $1,577,000. The City expects this project to encourage the redevelopment of downtown Auburn while providing an estimated 36 full-time jobs.
2002	Huntington WV Douglas High School Rehabilitation	WV	Huntington	Public Facilities	HUD awarded the City of Huntington $1,600,000 in loan guarantee funds that will help finance the rehabilitation of the former Douglas High School (Douglas). The rehabilitation will convert the school into a center for social service agencies serving low-income clients. Tenants interested in leasing space include Ebenezer Medical Outreach, the Huntington Housing Authority, and the Tri-State OIC. Douglas was once the largest secondary school for African Americans in West Virginia. The building is located in a federal Empowerment Zone and is listed on the National Register for Historic Places. Upon completion, the three-story building will contain 25,000 sq. ft. of office space, 8,000 sq. ft. of common area, and 12,000 sq. ft. for future development. The total project cost is $4,367,119.
2002	Aguadilla PR Paseo de la Real Marina-Area Project	PR	Aguadilla	Public Facilities	The Municipality of Aguadilla launched its economic development initiative with the help of a Section 108 award of $12,995,000 in loan guarantee assistance that will finance infrastructure and public improvements for development of the Paseo de la Real Marina neighborhood. This development will include road expansion, sidewalk construction on the west side of the project, along with electrical, water and sewage, and telephone utility upgrades. The Municipality will also use $1,000,000 of the Section 108 funds toward acquisition of 98,448 square feet of waterfront property.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2002	Vega Baja PR Public Facilities and Improvements	PR	Vega Baja	Public Facilities	The Municipality of Vega Baja will utilize $3,200,000 in Section 108 loan guarantee assistance to finance a variety of activities including reconstruction, construction, rehabilitation, and acquisition of public facilities and improvements. Section 108 funds will be used for the following six (6) projects: 1:Reconstruction of Urban and Rural Roads of Vega Baja: This project's activities will include drainage improvements, sidewalk construction, along with gutters and/or lighting improvements within the Municipality. Approximately 63,000 square meters of roads will be improved. Reconstruction to "Plaza de Recreo" and other Recreational Facilities: This reconstruction involves facilities including the Plaza de Recreo, Cancha Moises Navedo, Balneario Puerto Nuevo, and Parque Carlos Roman Brull. Municipal Public Facilities: The project involves the reconstruction, improvement, and historic preservation of existing municipal facilities. Reconstruction and Improvements to Municipal Cemeteries: The Municipality will expand the number of burial niches affordable to low- and moderate-income persons. Acquisition of Real Property: Acquisition of real properties and structures for future development projects, such as an industrial and commercial and information center, public parking and recreational facilities. Housing Apartments for Elderly within the Urban Area: The Municipality has purchased two adjacent properties at Baldorioty Street in the Urban Core to be redeveloped into low-income elderly family housing. The building will be rehabilitated in accordance with historic preservation standards and will provide twenty-two (22) apartments.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2002	Cidra PR Reconstruction of Tourist Complex	PR	Cidra	Economic Development	The Municipality of Cidra will finance reconstruction of the vacant Treasure Island tourist complex, utilizing $5,100,000 in Section 108 loan funds. The municipality will own and operate the tourist facilities and lease related entertainment facilities to private sector operators. The project will consist of reconstruction of existing 16 cabanas, 20 apartments, a restaurant, swimming pool and activity room. Two retail shops will be added, along with an artisan retail sales area, bicycle rental areas, fishing retail shop, a bar, and tennis courts. The tourist complex project is expected to create 147 full-time jobs, of which at least 51% will be filled by low- and moderate-income persons.
2002	Auburn Boulevard —Hampton Inn Project	CA	Sacra-mento	Economic Development	The County of Sacramento will utilize $250,000 in Section 108 loan funds to finance a commercial revitalization project located in the Auburn Boulevard Redevelopment Area. A $100,000 HUD EDI grant will be used in conjunction with the project. The Sacramento Housing and Redevelopment Agency will borrow the Section 108 funds and re-lend them to a developer, ARS Hospitality, Inc., for development of the Auburn Hills Hampton Inn. ARS will own and operate the 72-room hotel that will be built on a vacant 1.45-acre site formerly occupied by a motel. Total project cost is estimated at $4,750,000 and is expected to create 15 new jobs, principally for low- and moderate-income persons.
2002	San Bernardino County CA Business Loan Pool II	CA		Economic Development	Section 108 assisted the County of San Bernardino's rebuilding efforts with an award of $300,000 loan guarantee assistance to provide loans to businesses expanding or locating throughout the County. The assistance is expected to create new permanent jobs, assist businesses with earthquake-damaged structures, and abate slums and blighted conditions.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2002	Ventura County CA Water & Sewer Improvement Project	CA		Public Facilities	HUD awarded Ventura County $1,680,000 in loan guarantee assistance to finance construction of an upgraded water delivery system to a 58-acre County-owned parcel. This system will allow the County to maintain and expand the three facilities located on the parcel, which are as follows: 1. Las Posadas - a 30-person residential housing facility for mentally ill persons; 2. Villa Calleguas - a 24-person SRO facility for mentally ill persons; and 3. Casa Pacifica - a children's crisis care facility that houses 72 children.
2002	Wayne County MI Joseph Campau Streetscape & Parking Improvements	MI	Ham-tramck	Public Facilities	The Section 108 Program is helping Wayne County complete its financing of public facilities construction and reconstruction in the City of Hamtramck. The County has been awarded a $758,000 loan guarantee. The Hamtramck Downtown Development Authority will oversee the project for the City and County. The project will refurbish worn and hazardous streetscape features in the historic section of Joseph Campau St. between Caniff and Holbrook Streets. The activity will benefit low- and moderate-income area residents. Total project cost is estimated at $2,578,000.
2002	Rockland County NY Haverstraw Local Waterfront Redevelopment Project	NY	Haverstraw	Public Facilities	Rockland County's revitalization efforts will be strengthened with an award of $1,400,000 in loan guarantee assistance. This assistance will provide further financing for the Village of Haverstraw's above-mentioned three-phase, mixed-use waterfront revitalization project. The project will also benefit from a $700,000 HUD Brownfields Economic Development Initiative (BEDI) grant. This part of the project will add a fishing pier, restaurant and catering facilities, and a commuter ferry service to Westchester County's Ossining Railroad Station. The total cost of this portion of the project is $3,987,700.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2003	Katzen Facility / Jawonio, Inc.	NY	New City	Public Facilities	Rockland County, New York received Section 108 assistance in the amount of $900,000 to assist in carrying out a public facilities project, which will be undertaken by a subrecipient. The subrecipient, Jawonio, is a non-profit 501(c)(3) corporation provides comprehensive services such as medical, clinical, and educational programs to children and adults with physical, developmental, and/or emotional disabilities. The Section 108 assistance will be used to address costs overruns estimated at $900,000 associated with a facility expansion project located at 155 Phillipsville Road (Katzen Facility) in New City. The facility, which was formerly used as an adult residence, contains 13,120 square feet of building space and is located on a 4.27-acre site. Once complete, the facility will contain 17,120 square feet of building space, which will include classroom treatment rooms and related space for educational and developmental programs for children.
2002	Dane County WI East Badger Road Redevelopment	WI		Public Facilities	A Section 108 award of $1,200,000 in loan guarantee assistance will help finance Dane County's 58-acre East Badger Road Redevelopment Project, located in a Neighborhood Revitalization Strategy Area. The project involves construction of a technology park comprising four bio/high-tech buildings, along with the extension of East Badger Road. The loan funds will finance $500,000 in building tenant improvements and $700,000 of road extension costs. The Section 108 assistance is being made in conjunction with a HUD Economic Development Initiative (EDI) grant in the amount of $370,000. Total project cost at final build-out is estimated at $37,150,000. The project is expected to create 100 full-time jobs upon lease-up, principally for low- and moderate-income persons.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2003	Mass MoCA Commercial Development	MA	North Adams	Public Facilities	The City of North Adams, MA, in cooperation with the Commonwealth of Massachusetts, has been awarded a $3,774,000 loan guarantee under Section 108 to assist in rehabilitating two buildings in the Massachusetts Museum of Contemporary Art (MASS MoCA) complex. The project also includes an Economic Development Initiatives (EDI) grant of $2,000,000, awarded in 2000, which will also be used for the renovation and for payment of interest on the Section 108 loan. This award assists in financing Phase II of the expansion of the MASS MoCA cultural complex, in line with their long-range plan to generate commercial revenues to help sustain the cultural activities. The complex is located in downtown North Adams on a former mill complex and is listed on the National Register of Historic Districts. Guaranteed Loan Funds will be used to carry out an eligible rehabilitation activity which will meet the criteria for the national objective of eliminating slums or blight on an area basis.
2004	Fenwick Commons Project	NJ	Penns Grove	Economic Development	Penns Grove will use the Section 108 guaranteed loan funds, in conjunction with a $500,000 Economic Development Initiative grant, to finance the expansion of its Neighborhood Preservation Project by acquiring and renovating approximately 222 deteriorating, vacant and boarded residential and commercial property to eliminate slum and blighting structures in the designated area. These funded activities will improve the Borough's ingress and egress routes to the Riverwalk at Penns Grove, an 11 acre private development which will be a 94,000 square foot commercial building with retail/restaurant space and a 40 room hotel near the end of West Main Street on the Delaware riverfront of Penns Grove.
2004	The Riverwalk at Penns Grove	NJ	Carney's Point	Economic Development	Carney's Point will use the Section 108 guaranteed loan funds in conjunction with a $75,000 Economic Development Initiative grant to finance water, sewer and road improvements for the River Walk commercial project. These funded activities will benefit low and moderate-income persons through the creation of 205 new commercial jobs at the Riverwalk Project.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2003	Town Center Infrastructure Rehabilitation	PR	Barcelo-neta	Public Facilities	The Municipality of Barceloneta, PR, will use Section 108 loan guaranteed funds for acquisition, rehabilitation, relocation, and economic development activities for the Town Center project. These funds will be used by the Municipality for the acquisition and rehabilitation of 20 properties and project-related infrastructure improvements. These funded activities will provide 14,000 square feet of commercial rental space, 11 rental housing units, 350 parking spaces, installation of utilities, and improvements to sidewalks and streets. The commercial space is anticipated to create 65 jobs for low- and moderate-income persons.
2003	Hillsdale Heights Affordable Housing	AL	Mobile	Housing	The City of Mobile, Alabama has been awarded a $1,000,000 loan guarantee under Section 108 to finance the acquisition of 70 houses in the Hillsdale Heights neighborhood, which will then be rehabilitated for low- and moderate-income homebuyers. The project is one phase of a multi-phase effort to acquire over 760 houses from the University of South Alabama, rehabilitate and sell the units to low- and moderate-income homebuyers. The Guaranteed Loan Funds will be loaned to a limited liability company to be formed by Hillsdale Area Community Development Corporation and the Coalition for a Drug-Free Mobile, two local non-profit organizations, which will acquire and renovate, then temporarily lease and finally sell the houses. The University will assist in renting houses as they are rehabilitated until all the houses in a phase are ready for sale. Guaranteed Loan Funds will be used to carry out an eligible housing rehabilitation activity which will meet the criteria for the national objective of benefiting low- and moderate-income persons through the provision or improvement of housing.
2002	Berkeley CA Public Housing Rehabilitation	CA	Berkeley	Housing	HUD has assisted the City of Berkeley's affordable housing initiative by awarding $1,400,000 in loan funds that will be used toward housing rehabilitation and temporary relocation costs. The initiative involves rehabilitation of 75 public housing units owned by the Berkeley Public Housing Authority (BPHA), which will be the subrecipient of the loan funds. The BPHA is providing an additional $816,000 in public financing.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2003	Alpine Redevelopment Project	CA	Tulare	Public Facilities	The City of Tulare, California, has been awarded a $450,000 loan guarantee under Section 108 to finance the Alpine Redevelopment Area Project. The Section 108 loan will be used by the City for reconstruction of M. L. King Avenue between "O" and Blackstone Streets. This activity is part of the overall redevelopment of the Alpine area being undertaken by the City. The reconstruction of public facilities will meet the criteria for national objective by providing benefit to low- and moderate-income persons on an area-wide basis.
2003	Dana & Woodland Manufactured Housing Parks	CA	Woodland	Housing	The City of Woodland will utilize $1,000,000 of Section 108 loan guarantee assistance to rehabilitate the Dana Motel and Trailer Park along with Woodland Mobile Home Park, collectively called The Parks. The City will lend the Section 108 funds to the non-profit owners of The Parks, Community Housing Opportunities Corporation (CHOC). Rehabilitation of The Parks will include new water and sewer services for each of the homes. The project provides housing activities benefiting low- and moderate-income households.
2003	The Grove Housing Development Project	CA	Merced	Housing	The City of Merced will use Section 108 guaranteed loan funds for acquisition and infrastructure costs associated with the construction of "The Grove", a 204-unit affordable multi-family housing development. Upon completion of the construction, the City will sell the property to Merced The Grove, L.P., a California Limited Partnership. The property is located on East Parsons south of Childs Avenue in Merced. All 204 units will be income restricted to families who earn less than 60 percent of area median income. The project consists of 48 units of 2-bed/2-bath, 120 units of 3-bed/2bath, and 36 units of 4-bed/2-bath. The estimated cost for this project is $24.9 million.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2003	Westgate Center Retail Development	CA	Anaheim	Economic Development	The City of Anaheim, California, was awarded a $10,000,000 Section 108 loan guarantee to assist with the development of the Anaheim Westgate Center (Westgate Center). The Westgate Center is planned as a 270,000 sq. ft. retail center to be anchored by a 140,000 sq. ft. home improvement center and a 50,000 sq. ft. supermarket. The balance of the project will contain smaller shops, a number of restaurants and a 26,000 sq. ft. public plaza. The overall project will generate over 600 jobs. The City of Anaheim and the Anaheim Redevelopment Agency will work with Zelman Retail Partners (Zelman) to develop the facility. A $650,000 HUD Brownfields Economic Development Initiative (BEDI) grant was also awarded to the City for this project and will be used to pay interest on the Section 108 loan.
2002	Bakersfield CA Public Facilities Rehab Project	CA	Bakersfield	Public Facilities	The City of Bakersfield was awarded $4,100,000 in Section 108 loan guarantee assistance to assist with the implementation of four public facilities projects: (1) Martin Luther King (MLK) Jr. Pool Rehabilitation project; (2) Jefferson Pool Rehabilitation project; (3) 14th Street Aquatic Center, and; (4) Career Counseling/ Training Center Facility. The City estimates rehabilitation of each pool to cost $1,070,400 and the new aquatic center to cost $5,300,000. The Career Counseling/Training Center Facilities, including a day-care center, will cost an estimated $550,000. The City will contribute an additional $2,820,400 toward the total project cost of $6,920,400.
2003	Southeast Commercial Corridor Infrastructure	CA	Bakersfield	Public Facilities	Bakersfield, California, received Section 108 loan guarantee funds to carry out activities located in the City's Southeast Redevelopment Area. The activities include constructing new sidewalks, curbs and gutters and other public improvements in the Southeast Commercial Corridor. The project will address inadequate infrastructure, blighted conditions, and improve the safety and environment in the area. In addition, the project will potentially act as an economic catalyst in the City's efforts to redevelop and revitalize lower income neighborhoods. The proposed activity will meet the national objective of preventing or eliminating slums and blight on an area basis.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2003	Old Town/ Kerns-Pioneer Redevelopment Area	CA	Bakersfield	Economic Development	Guaranteed Loan Funds will be used by the City of Bakersfield for economic development activities, land acquisition, relocation, and rehabilitation of an existing office building. The proposed project is part of the development of a mixed-use project that includes 40,000 square feet of new retail, the rehabilitation of a former retail building, and construction of 50 units of Senior Citizen housing. The development will also include the construction of a public plaza area and a small cultural theater. The project will create 106 new jobs. A HUD Brownfields Economic Development Initiative (BEDI) grant of $250,000 will also be a source of funds for the project.
2003	Peck-Raomona Triangle Development Project	CA	El Monte	Economic Development	The City of El Monte, CA has been awarded a $2,200,000 loan guarantee under Section 108 in order to lend the proceeds to the El Monte Community Redevelopment Agency (CRA) who will assist M&A Gabaee, L.P., to develop a convenience shopping center totaling 32,810 square feet. The center will be located in the Peck-Ramona Triangle area and will be anchored by Wells Fargo Bank, Kragen Auto Parts and Walgreens Drugs, with additional retail area totaling 6,400 s.f. A significant benefit of the project will be the relocation of the Wells Fargo Bank from its current site across the street, which will allow the Penske Automotive Group to expand its retail automobile facility into the space vacated by the Bank. The Section 108 funds will be used to acquire 3.5 acres of land and the activity will meet the criteria for the national objective of benefit to low- and moderate-income persons on an area-wide basis.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2002	North Hollywood Commons	CA	Los Ange-les	Economic Development	The City of Los Angeles will continue North Hollywood's redevelopment by utilizing $14,000,000 in Section 108 loan guarantee assistance to help finance the 16.7-acre North Hollywood (NoHo) Commons project. The project will include a 42,000 square foot supermarket, 113,600 square feet of retail and restaurant space, 200,000 square feet of office space and 20,000 square feet for childcare and healthcare purposes. In addition, the project will include 450 apartments, 264 artist lofts, 18 live/work units and a total of 2,911 parking spaces in three parking structures. Twenty percent of each type of housing unit will be affordable to low- and moderate-income persons. The City estimates that the project will generate 1,660 new jobs. The City has received a $1.8 million HUD Economic Development Initiative (EDI) grant, which will be used to defray interest on the Section 108. Total project costs are estimated at $235.6 million and private investment in the project will exceed $200 million.
2003	Pacoima Center	CA	Los Ange-les	Economic Development	The City of Los Angeles, California has been awarded Section 108 loan guarantee assistance for the redevelopment of the 24-acre Price Pfister site into an industrial and retail project. The City will loan the Section 108 amount to the City's Community Redevelopment Agency (the "CRA"). The CRA will grant $3,400,000, and will loan the remaining $4,000,000, to the project developer, who will utilize the funds for property acquisition. The Pacoima Center project will include a 165,000 square foot Lowe's Home Improvement Store. Pacoima Center will also include a 45,000 square foot Gigante Market, 34,221 square feet of retail shops, and 15,000 square feet of retail pad space. An existing 49,000 square foot building will be retrofitted for industrial use and sold to end users. The Section 108 amount will be used in conjunction with a Brownfields Economic Development Initiative (BEDI) grant of $1,400,000. The BEDI amount will go toward pre-development soft costs and interest payments on the Section 108 loan during the construction period. Upon completion, the project is estimated to create 622 new industrial and retail jobs. Total project costs are estimated at $37 million.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2003	Mid City Public Improvements	CA	San Diego	Public Facilities	The City of San Diego, California, was awarded a $3,707,000 Section 108 Loan Guarantee to partially finance construction of a number of public improvement projects in the Mid City community. The nine projects are being undertaken to improve pedestrian safety and support other revitalization efforts underway in the community. All assisted activities will provide benefit to the areas low- and moderate-income residents.
2003	Antelope Valley Mental Health Association Facility	CA	Lancaster	Public Facilities	The City of Lancaster will use Section 108 proceeds to acquire 2.16 acres of land, relocate existing businesses, and demolish existing structures. Once these activities are complete, the City will deed the property to the Antelope Valley Mental Health Association (MHA) for the construction of a mental health facility. MHA will own and operate the facility and provide a variety of services such as mental health care, housing, employment, and money management to adults with mental illnesses. The proposed activities will meet the national objective of benefiting low- and moderate-income persons on a limited clientele basis.
2003	Antelope Valley Children's Center	CA	Lancaster	Public Facilities	The City of Lancaster, California, will grant Section 108 loan proceeds to the Children's Center of the Antelope Valley (the subrecipient) to assist in financing construction of a new Children's Center. Construction of the new facility will allow the subrecipient to relocate to a larger facility and expand its current operations. The Center will provide a variety of services to abused children in the North Downtown Revitalization area. The project will meet the national objective of benefit to low- and moderate-income persons on an area basis.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2003	Central City Project	CA	Chino	Public Facilities	The City of Chino will use Section 108 funds to finance site acquisition and construction of a Community Services Center in the amount of $2,000,000. The 15,000 square foot Center will be constructed on city-owned property on the southeast corner of "D" and Central Avenue. The Community Services Center will have social service activities and therapeutic recreational services including the following: youth and family counseling for victims of violence; diversion programs for drug and alcohol, and gang intervention; life and job training workshops; after school tutoring program; early childhood education programs for children under five years old; child care for low/moderate income families; and community classrooms/ multipurpose rooms to be used for educational and meeting purposes. The activity will benefit low- and moderate-income area residents and the estimated cost of the entire project is $2.6 million.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2003	Courson Connection Development Project	CA	Palmdale	Public Facilities	The City of Palmdale received $5,000,000 in Section 108 loan guarantee assistance to support for the Courson Connection Development Project. The project will include a new senior center, 154 units of senior housing for persons of low and moderate income and storm water retention/park space. The City will borrow the guaranteed loan funds to finance property acquisition, relocation, demolition, and construction activities in a primarily residential area. The City of Palmdale Redevelopment Agency has entered into two agreements with the Southern California Housing Development Corporation (SCHDC), a non-profit organization, which is the selected designer/builder for the project. SCHDC has been carrying out the planning and design phases of the project. The Section 108 loan will be used in conjunction with other public and private revenue sources including City Community Redevelopment Agency funds, CDBG funds, City Housing Bonds, Gas Tax funds, and HUD Section 202 financing. The Redevelopment Agency, which will be managing this project development in coordination with the City, currently owns 13 parcels of land within the project area. There are an additional 26 parcels to be acquired. The project will involve the relocation of some families and the City is hiring a qualified relocation firm to handle the relocation plan and process. The total cost of the project is estimated at $27.4 million.
2003	Business Loan Program	CT	Bridgeport	Economic Development	The City of Bridgeport will complete the Marin-Garfield Open Space project by utilizing $3,100,000 in Section 108 loan guarantee assistance. The funds will be used for acquisition and demolition of 45 residential parcels to carry out the construction of a fire station and open space improvements including a park, playground, ball fields and lighting. The project activities will benefit low and moderate-income persons through area benefit.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2003	Wagner Square Redevelopment Project	FL	Miami	Economic Development	The City of Miami was awarded a $4,000,000 Section 108 loan guarantee to finance the Wagner Square mixed-use redevelopment project in the Allapattah Neighborhood area. A toxic dump site will be remediated as part of the project and, upon remediation, the project developer will build 198 affordable housing units, a 108,000 square foot office/retail building complex and parking spaces for 490 vehicles. The Section 108 loan will finance construction of the office/retail building complex which will ultimately generate 194 jobs. Miami also received a Brownfields Economic Development Initiative (BEDI) award of $1,000,000 to be used in conjunction with the Section 108 financing for site remediation.
2003	Hotel Development Project	GA	Albany	Economic Development	The City of Albany, GA has been awarded a $5,500,000 loan guarantee under Section 108 assist in financing the construction of a 120-room hotel to be built adjacent to a 20,200 s.f. conference center. The 2.71-acre site has been assembled by Albany Tomorrow, Inc. (ATI), a non-profit corporation, on behalf of the City and Dougherty County, in conjunction with the Albany Downtown Riverfront Master Plan. The project is located in the City's Federally-designated Enterprise Community area and HUD-approved Neighborhood Revitalization Strategy Area. Hilton Hotels, in accordance with an Agreement in Principle with Albany Holdings, will also provide marketing and promotional support for the hotel as part of its franchise agreement. The City will loan the Section 108 funds to Albany Holdings. Upon completion, the hotel will generate 50 new full-time positions. The activity will meet the criteria for the national objective of area benefit to low- and moderate-income persons through the creation of jobs in an HUD-approved neighborhood revitalization strategy area.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2003	Near North Redevelopment Project	IL	Decatur	Public Facilities	The City of Decatur, Illinois has received $2,500,000 in Section 108 loan guarantee assistance to finance the implementation of the Near North Redevelopment Project. The Near North revitalization effort represents a large scale, multi-faceted renewal project benefiting low and moderate-income persons. The project calls for construction of new mixed-income housing, parks, development of a "Town Center" for social and cultural activities, and some retail space. The Section 108 funds will be used for the construction of new streets, utilities and green space development
2003	South Main Street Redevelopment	IL	Rockford	Economic Development	The City of Rockford received $900,000 in loan guarantee assistance for the development of a 32,000 square foot supermarket as part of the South Main Street Redevelopment Project. Section 108 assistance is in conjunction with a HUD Brownfields Economic Development (BEDI) grant in the amount of $300,000. The project involves site acquisition, relocation, infrastructure, and construction activities. The supermarket will serve a low- and moderate-income neighborhood and will help anchor a major neighborhood redevelopment effort intended to link South Rockford and the Rockford Central Business District. The City will loan the Section 108 funds to the Rockford Local Development Corporation (RLDC), who will carry out the project as a subrecipient on behalf of the City and will remove blighted buildings, correct environmental issues, and construct the supermarket. The supermarket will be owned by RLDC and leased to Gray's, an experienced local supermarket operator holding an IGA franchise. The total project cost is estimated at $7.2 million and will provide benefit to the area's low- and moderate-income residents.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2003	Community Empowerment Lending Initiative	MD	Baltimore	Economic Development	The City of Baltimore was awarded a Section 108 loan guarantee for $1,500,000 to be used in conjunction with a $1,500,000 Economic Development Initiative (EDI) award to assist in capitalizing the Community Empowerment Lending Initiative Corporation (CELI). The CELI will make Section 108/EDI assisted loans for small businesses in the Baltimore Empowerment Zone (EZ). The CELI is for a for-profit, stock owned, small business fund structured as a financial holding company comprised of a for-profit lending subsidiary and a not-profit lending subsidiary. Empower Baltimore Management Corporation (EBMC), the non-profit administrator of Baltimore's federally designated EZ, the Capital Access Group, LLC (CAG), and the City will jointly develop CELI. The CELI's not-profit lending subsidiary will receive the Section 108/EDI funding to lend to business borrowers in the EZ. The EBMC estimates that this lending activity in the EZ will cause the creation of more than 1,000 new jobs that will be made available to low-and moderate-income people.
2003	East Baltimore Development Project	MD	Baltimore	Housing	The City of Baltimore, Maryland has been awarded a $21,200,000 loan guarantee under Section 108 to finance activities associated with the redevelopment of the Historic East Baltimore area near Johns Hopkins Medical Institutions. This phase includes the acquisition of properties, relocation of households and businesses, and demolition of structures, many of which are vacant. The neighborhood is located in the City's Federally-designated Empowerment Zone and the City has approved establishment of a Tax Increment Financing District for the area. East Baltimore Development, Inc. (EBDI), a non-profit corporation, will have the lead role in coordinating the activities under a subrecipient agreement with the City. Guaranteed Loan Funds will be used to carry out eligible activities of acquisition of real property, relocation assistance, clearance and demolition, and payment of issuance and other costs of financing the Section108. These activities will meet the criteria for the national objectives of benefiting low- and moderate-income persons on an area-wide basis and the elimination of slum or blight on an area basis.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2003	Hotel Development Loan Fund	MA	Boston	Economic Development	The City of Boston will utilize $40,000,000 in Section 108 Loan guarantee assistance to establish a loan fund, the Boston Hotel Development Loan Fund, to assist in financing new hotels in the city. The funds will be used to assist three or four hotel projects that have building permits and other approvals but have funding gaps. The new hotels are expected to provide important public benefits, including an estimated 800 to 1200 new permanent jobs, up to 1500 new hotel rooms, $12 million in new tax revenues, and $6 million in linkage fees that will be used for affordable housing and job training funds. The loan fund seeks to stimulate the creation of large hotels; therefore, only hotels with at least 150 rooms will be eligible to apply. The maximum loan size will be $15,000,000 and the target loan size will be $10,000,000. A requirement of the program will be that at least thirty percent of the project costs are paid for with owner equity. The total investment associated with the project is estimated at $400 million.
2003	Basketball Hall of Fame	MA	Springfield	Economic Development	The City of Springfield was awarded a $4,706,000 loan guarantee under Section 108 to finance the development of the retail and theater component of the Basketball Hall of Fame Project. The project is located in the City's Neighborhood Revitalization Strategy Area and its urban renewal area. The project is located on an 18-acre site owned by the Springfield Redevelopment Authority. The project will benefit low and moderate-income persons through the creation of 117 jobs, of which 51% of the jobs will be held by, or made available to, low and moderate-income persons.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2004	Gardner-Kilby-Hammond St. Neighborhood Revitalization Project	MA	Worcester	Public Facilities	Worcester will use the Section 108 guaranteed loan, in conjunction with a $1,000,000 Brownfields Economic Development Initiative grant to assist in financing the redevelopment of a 7.8 acre site, a portion of a 30-acre parcel within one of its most distressed neighborhoods. Worcester will make a loan to the Gardner-Kilby-Hammond, LLC, to finance demolition and site preparation and make a loan to the Boys & Girls Club for construction of a new facility. These activities will eliminate blighting conditions in the targeted neighborhood, as well as provide services to an estimated 25,000 low- and moderate-income children in the area and the city.
2003	Good Harbor Fillet Co.	MA	Gloucester	Economic Development	Gloucester, Massachusetts, received a $300,000 Section 108 loan guarantee commitment to assist Good Harbor Fillet (GHF) in constructing a 67,000 square feet building to consolidate GHF's office, production, and warehouse operations into one facility. Specifically, the City will lend the Section 108 Loan proceed to GHF to assist with purchasing equipment. GHF is a major employer in Gloucester and this project will assist in the creation of nine full-time equivalent jobs, of which 51% will be available to low- and moderate-income persons. The proposed activity will meet the national objective of creating jobs for low- and moderate-income persons.
2003	Robertson on the River Project	MA	Taunton	Housing	The City of Taunton, Massachusetts has received a $600,000 Section 108 loan guarantee to assist a for-profit developer in financing the acquisition of an old mill building which will be converted into a mixed residential/retail project to be known as Robertson on the River. The project will redevelop the 144,000 square foot former Cohannet Mill Number 3 (also known as the Robertson Mill building) located in Weir Village, one of the City's oldest neighborhoods. The plan calls for development of 65 affordable rental units for individuals and families on three floors with 18,000 sq. ft. of retail space. The units will include one, two, and three bedroom units. All units will be affordable to households with incomes at or below 80% of area median income.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2004	Mexicantown Welcome Center Project	MI	Detroit	Economic Development	Detroit will use the Section 108 guaranteed loan, in conjunction with a $250,000 Economic Development Initiative grant, to make a loan to Mexicantown Community Development Corporation, the non-profit developer, to assist in financing a new international Welcome Center complex. This complex consists of a Mercado building, and a retail/office building that will encircle a new plaza at the entrance of the Ambassador Bridge exiting from Canada. This project, in Detroit's Hispanic community, is estimated to create 84 small businesses and 247 new jobs, at least 51 percent of which will be available to or held by low and moderate income persons.
2003	Parking Deck Demolition	MI	Saginaw	Public Facilities	The City of Saginaw will use Section 108 funds to demolish the deteriorated top two levels of its five story parking deck. The project involves completely demolishing floor slabs, stair towers, and elevators on the fourth and fifth levels of the deck. The remaining structure will be finished off where the portions above are removed. The project also includes replacing an existing traction elevator with a hydraulic elevator. The proposed activities will meet the national objective of eliminating slum and blight on a spot basis.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2003	Phalen Corridor Revitalization Project	MN	St. Paul	Economic Development	The City of St. Paul obtained $7,500,000 in Section 108 funds that will help finance two activities of the Phalen Corridor Revitalization Project-the Westminster Junction Business Center and the Railroad Island housing activity. The Westminster Junction Business Center activity will develop a new business center that is expected to create 123 new jobs, principally for low- and moderate-income persons. The Port Authority will sell individual parcels to manufacturing enterprises. The Port Authority will own some of the common areas and will manage the business center. The Railroad Island housing will be constructed by a Community Based Development Organization (CBDO), Dayton's Bluff Neighborhood Housing Services, Inc. (DBNHS). The project will develop 163 units for low- and moderate-income households. The housing is within walking distance of the new jobs to be created in the Business Center, and it is anticipated that some of the housing will be occupied by Business Center employees. The project will develop a wide range of housing types (from cottage homes to townhomes) for a wide range of purchasers (from seniors to young families) at a wide range of prices (from $130,000 to $250,000). The City will repay the Section 108 funds using the proceeds from the sale of the housing. Section 108 assistance is in conjunction with HUD's Brownfields Economic Development (BEDI) grant in the amount of $2,000,000. The total project cost is estimated at $67 million.
2002	Kansas City MO Weld Wheel Project	MO	Kansas City	Economic Development	The City of Kansas City will redevelop a vacant industrial plant by utilizing $2,500,000 in Section 108 loan guarantee assistance for the purchase of the former Rival Plant, which be leased to Weld Wheel Industries, Inc. The City's Department of Housing and Community Development will direct the funds to the Land Clearance for Redevelopment Authority (LCRA), which will purchase the 260,000 sq. ft. facility. This intra-city relocation will allow for the creation of up to 100 new jobs within the first three years, according to Weld. Total project costs are estimated at approximately $15,000,000, which includes the property acquisition costs.

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2003	City Economic Development Loan Fund	NH	Manches-ter	Economic Development	The City of Manchester, NH has been awarded a $6,000,000 Section 108 Loan Guarantee to re-capitalize the City's existing economic development loan fund. The Section 108 assistance will allow the City to continue to achieve its development objectives of advancing the redevelopment of existing commercial areas, strengthening the central business district, and creatively rehabilitating older industrial and commercial areas. Assisted projects will either create or retain low-moderate jobs or relieve blight in the community.
2003	Downtown Neighborhood Project	NY	Auburn	Public Facilities	The City of Auburn, New York, has received loan guarantee assistance under Section 108, in the amount of $3,178,00, which will be part of a funding package of $3,978,000 to be used by the City to undertake a major urban revitalization project in the City's core. The City will borrow the Section 108 funds and will use the funds directly to undertake the proposed public facilities improvements. The City is proposing to undertake an extensive effort to build/rebuild the necessary infrastructure improvements in the core area of the City. The improvements include street improvements, pedestrian ways including the provision of handicapped accessibility, improving existing and constructing new public gathering areas including recreational facilities and general landscaping and streetscape improvements. The project will provide benefit on an area basis to low- and moderate-income residents of the City.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2003	Bushwick Gardens Urban Renewal Project	NY	New York City	Housing	New York City was awarded a $3,265,000 Section 108 loan guarantee to finance the commercial component of Bushwick Gardens, a complex consisting of 18,000 square feet of commercial space and 40 residential units affordable to low income families. The City will use the loan funds in conjunction with a FY 2002 HUD Brownfields Economic Development Initiative (BEDI) grant in the amount of $665,000. This development is on a portion of the former site of the Rheingold Brewery in West Bushwick, Brooklyn. Specifically, the city will lend the guaranteed loan proceeds and BEDI grant, through a subrecipient agreement, to the Ridgewood Bushwick Senior Citizens Council (RBSCC), an experienced, private, not for profit owner and manager of revitalization projects in the Bushwick section of Brooklyn, for the financing of the development of the building's 18,000 square feet of retail space. The RBSCC will use the Section 108 guaranteed loan proceeds and $500,000 of the BEDI funds for the commercial construction. The city will use $165,000 of the BEDI funds for a debt service reserve. The project will provided benefit to low- and moderate-income residents on an area basis.
2003	Hanford Pharmaceuticals	NY	Syracuse	Economic Development	The Syracuse Industrial Development Agency (SIDA), acting on behalf of the City of Syracuse, will borrow Section 108 guaranteed loan funds and re-lend them to Hanford Life Services (HLS), LLC, an affiliate of Hanford Pharmaceuticals ("the Company"). HLS, a for-profit entity, will use the guaranteed loan funds together with HUD Brownfields Economic Development Initiative (BEDI) grant funds in the amount of $1,000,000 for purchase of machinery and equipment, acquisition, selective demolition, payment of interest, and environmental remediation. This project will involve expansion of the company's current facility through the development of a campus plan which will ultimately include installation of three (3) new production lines, a new laboratory and warehouse space.

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2002	Yonkers NY Station Plaza Mixed-Use Office Complex	NY	Yonkers	Economic Development	The City of Yonkers will utilize $3,000,000 in Section 108 loan guarantee assistance to finance the Station Plaza Building Project. The City will provide its HUD Economic Development Initiative (EDI) grant of $1,000,000 to the developer for additional construction assistance. The City will lend the Section 108 funds to a subsidiary of Homes for America Holdings, Inc., to help finance construction of the six-story, 70,000 sq. ft. building, which will contain ground floor retail and Class A office space. The project will be located in downtown Yonkers adjacent to a city-owned 650-car parking garage currently under construction. Total project cost is estimated at $12,500,000 and is expected to create 180 full-time jobs, principally for low- and moderate-income persons.
2002	Middletown NY Goshen Hardware, Ltd	NY	Middle-town	Economic Development	The City of Middletown will also use $210,000 in Section 108 loan funds to provide a loan to Goshen Hardware to purchase and expand Ayers and Galloway, an existing hardware store in Middletown. Goshen Hardware will use $110,000 towards property acquisition and $100,000 will be used for working capital. The newly acquired hardware store will be the second location for this family-run operation. Total project cost is estimated at $345,000.
2003	Globe Automotive Imports, Inc.	NY	Middle-town	Economic Development	Middletown, New York has been award a $250,000 loan guarantee under Section 108 to provide a loan to Globe Automotive Imports (GAI), Inc. to assist in expanding GAI's operations. Section 108 funds will be used to purchase inventory and update existing computer systems. The assistance of Section 108 funds will aid in the creation of forty-four full time jobs for low- and moderate-income persons.

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2003	New Columbia HOPE VI Project	OR	Portland	Public Facilities	The City of Portland, Oregon, will use $11,457,000 in Section 108 proceeds to assist with public facilities activities for the New Columbia HOPE VI project. The project is located in a HUD-approved neighborhood revitalization strategy area and consists of relocating the existing 1,200 residents, removing existing structures, streets, and sidewalks, replacing all or most of the infrastructure, and constructing approximately 850 housing units and 30,000 square feet of office and commercial space. A total of 650 units will be occupied by low- and moderate-income households. The Housing Authority of Portland (HAP) will act as the land developer for the site and will be responsible for the construction of 560 rental units using a combination of Low Income Housing Tax Credits, HOPE VI grant funds, tax-exempt bond financing and conventional debt. An additional 60 rental units will be constructed by a nonprofit selected through competitive process. All 620 rental units will be occupied by low- and moderate-income households at affordable rents. Either for-profit or non-profit developers will be selected through competitive process to construct 230 homeownership units of which a minimum of 30 units will be affordable to low- and moderate-income households. The total estimated cost of the project is $137,000,000.
2003	Township Revolving Loan Fund	PA	Bristol	Economic Development	The Township of Bristol, PA has been awarded a $3,910,000 loan guarantee under Section 108 to finance a business loan pool fund. The Bristol Township Economic Development Committee (BTEDC) will review applications and the Township's Community Development Office will administer the program. The project is expected to result in the creation of at least 112 new full-time equivalent jobs. Guaranteed Loan Funds will be used to carry out an eligible economic development activity and pay for eligible issuance costs. The activities will meet the criteria for the national objective of benefit to low- and moderate-income persons through the creation or retention of jobs.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2003	Markle Building Improvements	PA	Hazleton	Economic Development	The City of Hazleton was awarded a $500,000 Section 108 loan guarantee as part of the financing for the redevelopment of the Markle Building, which has been vacant for 10 years. The City named the Hazleton Redevelopment Authority (HRA) as its designated public agency to borrow the guaranteed loan funds. The HRA will re-lend the guaranteed loan proceeds to the Hazleton Development Corporation, which will renovate the 11 floor, 102,000 square foot Markle Building into an extended stay hotel, office, and retail space. These new building uses will result in the creation of 110 jobs, of which at least 51% will be made available to low and moderate-income persons.
2003	Buttonwood Gateway Project	PA	Reading	Public Facilities	The City of Reading, PA has been awarded a $3,000,000 loan guarantee under Section 108 to finance site preparation and infrastructure improvements to the Buttonwood Business Park, a 13.5-acre industrial park located in the Buttonwood-Gateway Redevelopment Area of Reading. The Reading Buttonwood Gateway Group LLC will develop the Park and also construct 42,000 and 40,000 s. f. buildings. The project is expected to result in the creation of at least 150 new full-time equivalent jobs. Guaranteed Loan Funds will be used to carry out an eligible economic development activity which will meet the criteria for the national objective of benefit to low- and moderate-income persons through the creation or retention of jobs. A Brownfields Economic Development Initiative (BEDI) grant of $1,000,000 was awarded to the City in September 2000 to assist with environmental remediation of the site.

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2003	South Side Works Parking Garage #3	PA	Pittsburgh	Public Facilities	The City of Pittsburgh, through its Urban Redevelopment Authority, is undertaking the construction of a parking garage using $4,500,000 in Section 108 loan guarantee assistance. The South Side Works Parking Garage #3 will provide 830 additional parking spaces for the redevelopment area located on the 123 acre site of the former LTV Steel Plant. The project site is located in the South East Redevelopment Area and the Pittsburgh/ Allegheny Enterprise Community which is in the recently approved Neighborhood Revitalization Strategy Area. A HUD Brownfields Economic Development Initiative grant awarded in 2002, in the amount of $1,500,000, will be used in conjunction with the Section 108 loan. The redevelopment activities in this area address the elimination of slums or blight on an area basis.
2003	South Side Works Parking Garage #2	PA	Pittsburgh	Public Facilities	The City of Pittsburgh (the "City"), through its Urban Redevelopment Authority ("URA"), will utilize Section 108 to finance site preparation and construction costs of public facilities improvements that will support the 123-acre South Side Works Redevelopment Area. The South Side Works is located on the former LTV Steel Plant and is within both the Federally-designated Enterprise Community and the recently approved Neighborhood Revitalization Strategy Area. The project will be divided into three parts. First, the URA will construct two bridges and three one-block extensions and it will clear underground obstructions for Parking Garage #3. Second, the URA will extend Sidney Street from Hot Metal Street to 33rd Street, along with development of two additional parcels that will total 3.4 acres. Third, the URA will develop and own a 367-space Parking Garage #2. Collectively, these improvements will support 336 units of rental housing, 300,000 sq. ft. of office space, and 250,000 sq. ft. of retail, restaurant, and entertainment space that will feature a 10-screen cinema. A HUD Economic Development Initiative (EDI) grant of $1,000,000 will be used in conjunction with the Section 108 loan. The overall project is projected to create over 840 jobs and will support over $60,000,000 in public and private development.

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2003	East Pointe Commercial Development	RI	East Providence	Economic Development	The City of East Providence, Rhode Island has been awarded a $3,000,000 Section 108 Loan Guarantee to partially finance development of the East Point Commercial Development Project. The City intends to redevelop the 27 acre former Ocean State Steel Manufacturing Company site into mixed-use office, retail, and residential space. A public park, 75,000 sq. ft. of retail/office space and 500 units of market rate housing will be developed on the site. Additional financing for the project is in the form of a HUD Brownfields Economic Development Initiative (BEDI) grant in the amount of $2,000,000. Overall project costs are estimated in the rage of $20 million. The project area is designated as both a state and federal historic district. It will be the eastern anchor of the City's waterfront redevelopment plan and downtown revitalization strategy. The area is also designated as a state enterprise zone.
2004	Redevelopment Loan Program	TX	El Paso	Economic Development	El Paso will use the Section 108 guaranteed loan to establish a loan fund for the purpose of making loans to small businesses and making loans for housing rehabilitation in the City's Federally-designated Empowerment Zone. The city estimates that the small business loans will cause the creation of an estimated 70 new jobs which will be held by low- and moderate-income persons. The assisted housing rehabilitation projects will be occupied by low- and moderate-income persons. Also, the city will target financing from its loan fund for activities to eliminate blighting conditions in its two Tax Increment Financing Districts

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2003	Business Assistance Loan Pool	UT	Orem	Economic Development	The City of Orem, Utah has been awarded a $3,000,000 loan guarantee under Section 108 to finance a business loan fund. The project also includes a 2002 Brownfields Economic Development Initiatives (BEDI) award of $500,000, which will be used for either site remediation or interest payments on the business loans, depending on the specific needs of a business borrower. The Commission for Economic Development in Orem (CEDO) will administer the fund for the City, as it has done with a CDBG -funded loan program that it has managed since 1983. The project is expected to result in the creation of 175 new full-time equivalent jobs. The Guaranteed Loan Funds will be used to carry out an eligible economic development activity which will meet the criteria for the national objective of benefit to low- and moderate-income persons through the creation or retention of jobs.
2002	Burlington VT Community Development Revitalization Program	VT	Burlington	Public Facilities	The City of Burlington will utilize $3,755,000 in Section 108 loan guarantee assistance for a two-part loan pool, along with public facilities and infrastructure investment. The loan pool was made available for: (a) residential rehabilitation loans, along with financing for low-income housing rehabilitation projects and land acquisition; and (b) the Burlington Business Loan Program, which will target loans to businesses in the Old North End, Pine Street Redevelopment Project, and North Street Revitalization Project areas. The funds will be utilized as project applications are received and approved.

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2003	Broad Creek Renaissance Area	VA	Norfolk	Economic Development	The City of Norfolk, VA has been awarded a $13,000,000 loan guarantee under Section 108 to finance infrastructure improvements in the Broad Creek Renaissance Area. The project also includes a 2002 HUD Brownfields Economic Development Initiatives (BEDI) award of $2,000,000 that will be used for site remediation and construction of infrastructure. The BEDI funds will be used for remediation of environmental contamination and public infrastructure improvements. The City has identified former dry cleaning and gas station sites to be remediated as part of Phase III activities. The Norfolk Redevelopment and Housing Authority will manage the construction in conjunction with HUD-financed HOPE VI redevelopment in the project area. The public improvement activities will meet the national objective criteria of benefit to low- and moderate-income persons on an area-wide basis.
2003	Fairgrounds Redevelopment Project	VA	Suffolk	Economic Development	Guaranteed loan funds will be used by the City of Suffolk, Virginia, for the following activities: 1. Washington Street Improvements - E. Washington Street from Hall Avenue to County Street ($617,500): Proposed activities include relocating overhead utilities underground, reconstructing curb and gutter, reconstructing and repaving existing roadway, enhancing water and sewer lines and undertaking comprehensive streetscaping. 2. County/Liberty/Washington Intersection Improvements($642,500): Improvements include undergrounding utilities along Liberty and County streets for a distance of 150 feet north and south of East Washington Street. 3. New Housing Infrastructure Improvements to the Old Planter's Peanut Site($2,560,000): In accordance with the Fairgrounds Revitalization Master Plan, the City will rezone the city-owned property, known as the Old Planter's Peanut site, to an urban residential classification (RU) and then carry out infrastructure improvements to support future housing development on the site. 4. Open space/parkland development ($25,000)

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2002	Seattle WA Brownfields Redevelopment Loan Pool	WA	Seattle	Economic Development	The City of Seattle will utilize Section 108's $15,500,000 award in loan funds to create a loan pool targeted toward redevelopment of buildings damaged by the February 2001 earthquake along with five brownfield sites. The Section 108 loan was awarded in conjunction with a previously approved $1,750,000 Brownfields Economic Development Initiative grant. Three commercial projects (the 211 First Avenue Building, the Buttnick Building, and the City Loan Building) to be redeveloped by for-profit entities are located within the City's historic Pioneer Square area. The City estimates that these initial three projects will collectively yield 193 new jobs.
2003	Economic Development Loan Pool	WA	Yakima	Economic Development	Yakima received a $4,000,000 Section 108 loan to capitalize an Economic Development Loan Fund (EDLF). The $1,000,000 of companion HUD Economic Development Initiative (EDI) funds will be used to lower the interest cost to the borrowers using the EDLF. The City states that the EDLF will attract over $3,300,000 in private investment. The EDI funds will also be used as a loan loss reserve for individual projects. The City has patterned the EDLF after a successful Section 108-assisted program operating in Portland, Oregon. Eligible uses of the EDLF fall into two broad categories, real estate loans and business loans. The City's underwriting guidelines will assure that applications meet appropriate eligibility, national objective, and public benefit standards. The EDLF will finance projects located within the boundaries of the City's Renewal Community. The City has committed to a new job creation goal of 145.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2003	Public Facilities Improvements	PR	Bayamón	Public Facilities	The Municipality of Bayamón, Puerto Rico has been awarded a $32,000,000 loan guarantee under Section 108 to assist in six public facilities projects that will be undertaken by the Municipality in order to improve aging infrastructures and public facilities. The projects include a parking garage adjacent to the newly constructed Urban Train Main Station, rehabilitation of the aging Ruben Rodriquez Coliseum and Rio Hondo Market, extension of Los Dominicos Avenue, and improvements to existing recreation facilities at Paseo Lineal Rio Bayamón and in the Caridad sector of the Municipality. These are eligible activities of construction, reconstruction and installation of public facilities and other public improvements. The proposed activities will meet the criteria for the national objective of benefit to low- and moderate-income persons through area benefit.
2002	San Juan PR Municipal Projects	PR	San Juan	Public Facilities	The Municipality of San Juan launched a multi-faceted public infrastructure investment made possible by the Section 108 award of $72,515,000 in loan guarantee assistance, which will be used to undertake 17 different projects. These projects include reconstruction of streets, upgrading lighting and signage in low-income neighborhoods, construction and/or rehabilitation of community parks and recreation centers, conversion of the abandoned Coast Guard Officer's Quarters into a center for abused and/or orphaned children, rehabilitation of a historic theater, and construction of a new exposition center.

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2003	Municipal Public Safety Complex	PR	Trujillo Alto	Public Facilities	Guaranteed Loan funds will be used by the Municipality of Trujillo Alto for the following five projects, all of which will provide benefit to low- and moderate-income residents: 1. # Construction of Public Safety Complex ($1,700,000): This activity will consist of construction of the municipal public safety complex for emergency systems. 2. Parque Familiar ($1,000,000): This activity will include improvements and expansion to an active recreational park facility that is located in an area near the central part of town. Part of the property is currently being used as a horsemanship park with more than half of its land available for improvements. 3. Acquisition and Construction of Museo and Casa de la Cultural ($700,000):The Municipality will acquire 2,100 square feet of this partially vacant lot for the construction of a three story building that will house a cultural center. 4. Acquisition and Rehabilitation of Former PRIDCO Building ($300,000): This activity will consist of acquisition of an 11,586 square foot industrial building that is currently vacant, and the rehabilitation into a facility that will provide state social services such as family services, counseling, etc. 5. Acquisition of Land Near Parque Kennedy Hills for Parking Facilities ($300,000): Section 108 funds will be used to acquire vacant property and construct parking. The proposed project will provide 200 new parking spaces including 20 spaces for physically challenged persons.
2002	Palm Beach County FL Business Loan Program	FL	Palm Beach	Economic Development	The County of Palm Beach has solidified commitment to its Community Development Business Loan Program by securing $15,000,000 in Section 108 loan funds for the program's related economic development activities. This program provides loans up to $1,000,000, which will be used to develop new business opportunities. The loan funds will be made available to businesses within the boundaries of Palm Beach County, with priority given to projects located in distressed areas. The County expects that these activities will ultimately create over 1,000 jobs.

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2003	Infrastructure Improvements	MI	Ham-tramck	Public Facilities	Wayne County, Michigan has been awarded $750,000 in Section 108 Loan guarantee assistance on behalf of the City of Hamtramck. Hamtramck will use the Section 108 funds to finance a portion of the implementation of the Grand Haven - Dyar Dequindre Redevelopment Plan (the "Plan"). The Plan calls for construction of new street patterns to limit truck traffic, improve access to the neighborhood for emergency vehicles and to create shorter, more pedestrian friendly residential blocks. Sewer and water facilities will be improved, new housing will be constructed and home buying assistance will be provided to residents of the area. The Section 108 funds and companion HUD Brownfields Economic Development Initiative (BEDI) funds in the amount of $650,000 will be used for the construction of sewer and water improvements.
2003	Berks Food Industry Park	PA	Berks County	Public Facilities	Berks County will promote business growth by utilizing $10,000,000 in Section 108 loan guarantee assistance to acquire and improve property for an industrial park dedicated to the food industry, called the Food Industry Park project. The total project will be 400-500 acres to accommodate a number and variety of potentially large users. The site is in close proximity to an interstate highway which links the local area to the Northeast and Middle Atlantic markets. The project includes site acquisition, engineering costs, and installation of public improvements such as water, sanitary sewer, storm sewers, roadways, etc. The Food Industry Park would be designed and developed to accommodate a variety of facilities, including food processing, cold storage and general warehousing, manufacturing of packaging materials and containers, a regional wholesale farmers market, and an advanced food technology center. The County estimates that the project will generate approximately 1,500 new jobs and that the total cost of the project will be in the range of $36 million.

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2003	Riverview Corporate Center	PA	Montgomery County	Economic Development	The County of Montgomery was approved for a $3,000,000 loan guarantee under Section 108 to make a loan to a private developer for economic development activities. Lubin Studios Associates, L.P., will develop 4.6 acres of a 63-acre parcel creating commercial office space on the banks of the Schuylkill River in West Norriton Township. The project is expected to create 150 new jobs of which 51% will be available to low and moderate-income persons. The County was also awarded a Brownsfield Economic Development Initiative grant in the amount of $2,000,000, which were used for site preparation and asbestos abatement.
2004	Ten Tower Bridge Office Building	PA	Conshohocken	Economic Development	Montgomery County, through its Redevelopment Authority, will use the Section 108 guaranteed loan to make a loan to the for profit Ten Tower Bridge Associates to assist in financing the construction of the five-story Ten Tower Bridge Office Building in Conshohocken. The Office Building will provide 130,000 square foot in Class A office space and a parking garage. The County estimates that this assisted project will create 286 new full time jobs, at least 51 percent of which will benefit low- and moderate-income persons
2003	Poinciana Plaza Housing Project	FL	Key West	Housing	The City of Key West, Florida, has received a $16,000,000 loan guarantee under Section 108 to finance the Poinciana Plaza housing project The Section 108 loan will be used by the City of Key West for the purpose of acquiring the 144 townhouse units in the Poinciana Plaza housing development. The City and the Housing Authority of the City of Key West will fully rehabilitate the 144 units and make them available to address the City's need for affordable housing.

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2003	Mid-Delta Community and Individual Investment Corp.	MS	Leflore County	Economic Development	Leflore County, Mississippi, will establish the Mid-Delta Community and Individual Investment Corporation (MDCIIC) with the help of $5,000,000 in Section 108 loan funds. The project will establish business loan, technical assistance and financial services program with a service area within the boundaries of the six adjoining counties. Leflore County has agreed to be the lead county for the project. Section 108 funds will be used in conjunction with a $3.5 million Economic Development Initiative (EDI) grant. The EDI funds will be granted to MDCIIC as working capital to establish a debt service/loan loss reserve required by the State of Mississippi and to pay for initial activity delivery costs of the MDCIIC. The MDCIIC will provide loans and technical assistance to business and entrepreneurs within the six county service area. Loan products available will be term loans for fixed assets, real estate or working capital, lines of credit for working capital, construction/commercial mortgages, and letters of credit. Technical assistance services available will be through entrepreneurial training seminars and courses, mentor/protégé chapters, and brokered assistance with third-party providers. Ownership of shares will be made available to community residents and all loan recipients of the MDCIIC will be required to become shareholders. The MDCIIC has selected the Enterprise Corporation of the Delta (ECD) to staff and manage its lending activities for the first two years of operation.
2003	Carlsbad Water Park	NM	Carlsbad	Economic Development	The City of Carlsbad was awarded a $2,015,000 loan guarantee under Section 108 to provide funding assistance for the construction of the Carlsbad Water Park. The project is the anchor and first development of the Cascades at Carlsbad, an educational/scientific, commercial and entertainment destination. The City loaned the funds to S.D. & US, Inc., a for-profit New Mexico corporation. The City was also awarded a Brownfields Economic Development Initiative (BEDI) of $775,000 in 2002, which will be used with the Section 108 Loan funds to finance infrastructure and construction costs for the project.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2004	Lake and Exchange Streets Revitalization	NY	Geneva	Economic Development	Geneva will use the Section 108 guaranteed loan, in conjunction with a $500,000 Brownfields Economic Development Initiative grant, to finance the site preparation, including remediation, demolition and clearance of deteriorating structures and installation of public utilities as part of the city's activities to eliminate blight and bring economic revitalization to an eight acre site in its downtown. The redevelopment of the site will include a 60-room mid scale hotel, a new park along a creek, relocation of a popular diner within the project area, renovation of an historic structure (formerly, a gas station) for reuse as a bus station, and the development of a new train station and roadway enhancements.
2004	The Noah Hotel Project	NY	Kingston	Economic Development	Kingston will use the Section 108 guaranteed loan to provide financing to assist the for profit Hudson Valley Development, LLC, to construct the Noah Hotel, a 50 room boutique hotel, with a 16,500 square feet ballroom, restaurant, meeting room, gallery and commercial retail space. This project, which will create an estimated 117 new jobs, is part of the city's economic development plan to redevelop its water front area.
2004	Winooski Falls Riverfront Downtown Project	VT	Winooski	Economic Development	Winooski will use the guaranteed loan to finance the acquisition of real property to complete the assembling of a 124 acre downtown site for redevelopment. The new development will include 800 units of residential space, 3,100 parking spaces, ground-level neighborhood retail and community space, a movie theatre, up to 250 hotel rooms, and 250,000 square feet of office space. In Phase I of this downtown revitalization initiative, the city will also finance the burying of public utilties, repaving streets and sidewalks, developing pedestrian facilities such as bicycle paths, riverfront boardwalk, and public parks, funding a debt service reserve for site preparation, and making a loan to the Winooski Parking Authority to construct a 945 space parking deck. These funded activities will assist the city to eliminate blighting conditions and will benefit Winooski's residents, of which more that 51 percent are low- and moderate-income persons.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2004	St. Joseph's Childrens Home	WY	Torrington	Public Facilities	Goshen County, a non-entitlement entity assisted by the State of Wyoming, will use the Section 108 funds to assist with the construction of a public facility, which will be located in Torrington, Wyoming. Saint Joseph's Children's Home, a private, non-profit corporation, will use the funds for the construction of the St. John Bosco Children's Center. Upon completion, the center will be a residential treatment facility and provide a variety of therapeutic services to abused children from low- and moderate-income families.
2004	Cultural Center & Public Facilities	PR	Santa Isabel	Public Facilities	Santa Isabel will use the Section 108 guaranteed loan funds to finance the construction of a publicly-owned three-story office building and the rehabilitation of two public facilities: the Cultural Center and La Plazita which will be converted into a public library. The city estimates that the office building will create 57 new jobs, of which 51% will be held by low- and moderate-income persons. The two public facilities will benefit the residents of the city of which 52% of the residents are low- and moderate-income persons.
2004	West Mobile Senior & Therapeutic Center	AL	Mobile	Public Facilities	Mobile will use Section 108 guaranteed loan funds to fund the construction costs for Phase One of the West Mobile Senior and Therapeutic Center. The 20,800 square foot public facility will be constructed on City owned property and be available to all citizens of the City that are elderly and/or have special needs that meets the Bureau of Census' definition of severely disabled persons. The activity will benefit low- and moderate-income persons.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2005	West Mobile Senior and Therapy Center	AL	Mobile	Public Facilities	Mobile will use its Section 108 Guaranteed Loan in addition to other public monies to fund the construction costs for Phase One of the West Mobile Senior and Therapeutic Center (Center). The public facility will be constructed on City owned property and be available to all citizens of the City that are elderly and/or have special needs that meets the Bureau of Census' definition of severely disabled persons. The project will include construction of a two-story facility totaling 20,800 square feet that will contain a therapeutic pool, exercise and fitness room, game room, computer classroom, and a dining and kitchen area. The Mobile Parks and Recreation Department will manage the activities provided through the Center and will provide a transportation network for both seniors and disabled adults for a nominal fee for membership, which will be available to seniors and adult individuals with disabilities.
2004	Tempe Marketplace Project	AZ	Tempe	Economic Development	Tempe will use Section 108 loan guarantee assistance, in conjunction with a Brownfields Economic Development Initiative grant, to finance the development of the 900,000 sq. ft. Tempe Marketplace Project - a retail facility anchored by six nationally known retailers. The City will provide the Section 108 funds to the project's developer to be used to remediate the 109 acres of the site which will house the retail development. The project is estimated to create 2,140 jobs, at least 51 percent of which will be held by or made available to low- and moderate-income persons.
2004	Neighborhood Center at Marshall Park	CA	Modesto	Public Facilities	Modesto will use the Section 108 guaranteed loan to finance the rehabilitation and construction of neighborhood facilities in the Marshall & Cesar Chavez Park areas. In Marshall Park, the city will construct a joint service facility, which will include a police sub-station, a neighborhood fire station, and recreational services. The Maddox Youth Center, in Cesar Chavez Park, will be enlarged and modernized. These two public facility projects will provide safety and family and youth services to a low-income populated area in the western sector of Modesto.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2004	Jubilee Village Housing Development	CA	Berkeley	Economic Development	Berkeley will use Section 108 guaranteed loan funds to provide funding assistance to a non-profit entity, Jubilee Restoration, Inc., to construct Jubilee Village, a mixed-use, affordable housing and commercial project. The development will include 2,500 square feet of commercial/retail space, 2,000 square feet of community space and 120 income restricted residential rental units. The project will create approximately 5 new jobs which will be held or made available to low- and moderate-income persons and housing activities where at least 51% of the units will be occupied by low- and moderate-income households.
2003	Story/King Retail Project	CA	San Jose	Economic Development	The Redevelopment Agency of the City of San Jose, as the City's designated public agency, will borrow and use the Section 108 guaranteed loan funds together with $2 million in HUD Brownfields Economic Development Initiative (BEDI) grant funds for acquisition, demolition, relocation, site remediation, site improvements and hazardous material remediation costs associated with the Story/King retail project. The total projected development cost is approximately $101 million and is estimated to generate 600 new jobs.
2004	Downtown Revitalization Project	CA	Stockton	Economic Development	Stockton will use the Section 108 guaranteed loan funds, in conjunction with a Brownfields Economic Development Initiative grant of $2,000,000, to finance project related activities for four separate commercial development projects in downtown Stockton. The funded activities for these projects include acquisition of real property, construction of public facilities and improvements, and payment of interest on the Section 108 guaranteed loan . The city estimates that these funded project related activities will assist in the creation 650 new full-time jobs of which at least 51% will be held by low- and moderate-income persons.
2003	Neighborhood Community Project	CA	Porterville	Public Facilities	Porterville, California, will use Section 108 guaranteed loan funds to finance construction and installation of public improvements and utilities related to the Neighborhood Community Center ($3,000,000), and reconstruction of parking lots located in the central business district ($885,000). The activities will provide benefit to low- and moderate-income residents on an area basis and job creation.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2004	Hospital Parking Structure	CA	Visalia	Economic Development	Visalia will use the Section 108 guaranteed loan, in conjunction with a $244,000 Brownfields Economic Development Initiative grant, to assist in financing the construction of a municipal, 700 space parking garage on a downtown site. The site was formerly occupied by a tire and battery store. The parking facility will serve the $400 million Kaweah Delta Hospital expansion and nearby retail and office uses. The funded activities include site acquisition, clearance and demolition, remediation of asbestos, small business relocation, and garage design and construction. The garage will enable the Hospital to expand and create an estimated 200 new jobs, at least 51 percent of which will be held by low- and moderate-income persons.
2007	Kaweah Delta Hospital Parking Facility	CA	Visalia	Public Facilities	The City of Visalia will use the Section 108 proceeds to construct a parking facility that will serve both the Kaweah Delta Hospital expansion and surrounding retail and office uses, and is specifically budgeted for design and engineering, land acquisition, relocation, demolition/site remediation, and new construction of the facility. The City will utilize $244,000 in BEDI grant funds to complement the Section 108 assistance. The total estimated cost of the parking facility itself is $12,008,750. The City, through an interagency/subrecipient agreement, will provide both the Section 108 and BEDI funds to the City's Redevelopment Agency for the parking facility. The Kaweah Delta Hospital is the only major medical facility that provides services to the City of Visalia and the surrounding area. The project is located in the downtown area of the City and is within a Redevelopment Project area. The total cost of Phase I of the hospital development will be $90 million. The Community Development Block Grant (CDBG) national objective for the City's use of guaranteed loan funds is to benefit low-moderate income persons through job creation. The City estimates that the project will create 200 full time or equivalent jobs, of which at least 51% will be available to or held by low-or moderate-income persons.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2004	Downtown Parking Garage Project	CA	Watson-ville	Economic Development	Watsonville will use the Section 108 guaranteed loan to assist in financing the construction of a 460-space, municipal downtown parking garage located in the city's Federally designated Enterprise Community. The development of the garage will cause new agency development and private commercial development near the garage that will create an estimated 342 new jobs, at least 51 percent of which will be held by or made available to low- and moderate-income persons.
2004	Richman Park Area Capital Improvements Project	CA	Fullerton	Public Facilities	Fullerton will use the Section 108 funds to finance public improvements in the Richman Park area. This includes installing security lighting, replacing deteriorated play equipment, removing large rock walls, and rehabilitating all areas of the Park to comply with Americans Disabilities Act requirements, including adjacent street improvements. These public improvements will primarily benefit low- and moderate-income persons.
2004	Bellflower Downtown Revitalization	CA	Bellflower	Public Facilities	Bellflower will use the Section 108 funds to finance construction of public improvements, property acquisition, rehabilitation, construction of a new retail building, and economic development activities for the Eastside and Westside of the Bellflower Downtown Revitalization area. These activities will benefit low- and moderate-income persons through area benefit and elimination of slum and blight.
2004	NASA Neighborhood Park	CA	Downey	Public Facilities	Downey will use the Section 108 guaranteed loan to finance the development of a new 12 acre municipal park for recreational activity. The park which will primarily benefit the low and moderate income persons in the surrounding area is the redevelopment of a portion of 160 acres of surplus federal property conveyed to the city by its formerly owner, the National Aeronautics and Space Administration.
2004	Job Creation Project	CA	Hawthorne	Economic Development	Hawthorne will use Section 108 guaranteed loan funds to provide funding assistance to a business to finance tenant-build-out improvements for a new gym adjacent to the former Hawthorne Mall. The project will create approximately 80 new full time jobs, at least 51 percent of which will be held by or made available to low- and moderate-income persons.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2004	Eucalyptus & Moneta Gardens Street Improvements	CA	Hawthorne	Public Facilities	Hawthorne will use Section 108 funds for reconstruction of public streets and sidewalks. The street reconstruction includes: curbs and gutters, sidewalks, street paving and installation of traffic signals. The service area's total low- and moderate-income population is 63.1 percent.
2004	Inglewood Business Loan Program	CA	Inglewood	Economic Development	Inglewood will use Section 108 guaranteed loan funds to establish a Business Expansion Loan Program to encourage expansion and development of commercial and industrial businesses. The economic development activities will benefit low- and moderate-income persons and, in some cases, prevent or eliminate slums or blight.
2004	Midtown Plaza Project	CA	Los Angeles	Economic Development	Los Angeles will use Section 108 guaranteed loan funds to partially finance the development of a 379,000 square foot retail facility The assistance to a for-profit business is a component activity of an economic development project. The activity will prevent or eliminate slums or blight.
2004	La Cienega Jefferson Project	CA	Los Angeles	Economic Development	Los Angeles will use the Section 108 guaranteed loan, in conjunction with $1,090,000 Brownfields Economic Development Initiative grant, to provide financing assistance for two economic development projects. One project includes site acquisition and the development of 12 story office tower with a four level parking deck. The other project involves the development of a 60,000 square foot retail/entrepreneurial training facility. The city estimates that these two projects will create 992 new jobs, at least 51 percent of which will be held by low- and moderate-income persons.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2006	The Marlton Square Project	CA	Los Ange-las	Economic Development	The City of Los Angeles will provide financial assistance to Marlton Square Associates, Limited Liability Corporation (LLC), to redevelop the Santa Barbara Plaza, a 19.7-acre designated slum and blight site in south Los Angeles. The project consists of the construction of a mixed-use retail-residential complex consisting of 119,000 square feet of retail space, 140 units of for sale single-family housing, 150 residential condominiums, and a Community Facility. The Section 108 Guaranteed Loan proceeds will only be used for the retail development portion of the project which will be broken down into two phases. The initial phase will be carried out by Marlton Square Associates, LLC, and consists of the assembly of 8.4 acres from the 19.7-acre parcel, relocating existing businesses, environmental remediation/site preparation, and demolishing existing structures. The guaranteed loan funds will be used in the acquisition of the 8.4 acres. The 8.4-acre parcel will then be sold to LNR Marlton Square Associates, LLC who will carry out the second phase of the project. This will consist of the actual development of the retail area. The City will re-lend the guaranteed loan proceeds, in conjunction with $9,000,000 in existing Section 108 Guaranteed Loan funds, $1,500,000 in Economic Development Initiative (EDI) grants, and $2,000,000 in Brownfields Economic Development Initiative (BEDI) grants received in the 2002 fiscal year to the project. The total project cost is $48,571,955. The Community Development Block Grant (CDBG) national objective for the City's use of its guaranteed loan proceeds is the prevention and elimination of slums/blight on an area basis. The project will address the conditions of brownfield contamination, disinvestment in the area, lack of employment, low tax base, and lack of housing. Approximately 54,640 low-moderate income persons will benefit from the project. The City of Los Angeles will repay the loan over a twenty-year period, paying interest only for the first two years. Site-specific tax revenues, which include sales, business, and utility taxes, will be used to repay the Section 108 Guaranteed Loan. To secure repayment of the guaranteed loan funds, the City pledges tax revenues as collateral, a corporate guaranty from LNR Property Corporation, and its CDBG funds.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2005	Focused Neighborhood Revitalization Project	CA	San Bernardino	Economic Development	San Bernardino will use its Section 108 Guaranteed Loan to fund the City's Redevelopment Agency, which will utilize the funds to finance acquisition, demolition, and relocation activities in support of the Arden Guthrie Retail and Mercado/Santa Fe projects. In the Arden-Guthrie project, the Agency will assemble 17 acres and resell the land to the for-profit developer Sonnenblick Del-Rio, who will develop the site into approximately 122,000 to 186,00 square feet of new retail, restaurant, and entertainment space. In the Mercado/Santa Fe project, the Agency will finance the acquisition of 9.17 acres and resell the land to a partnership between Arthur Pearlman Corporation and Majestic Realty, which will develop the site into a 59,421 square foot Food 4 Less Supermarket. The City experts expect the estimates that these project commercial developments towill create approximately 375 full-time jobs, of which at least 51% will be held by or made available to low to moderate-income persons. The Food 4 Less Supermarket also will provide in addition to providing grocery-shopping services to 42,953 low- to moderate-income persons that live within its service area. with the new supermarket plus an additional 39,500 square feet of specialty retail space. Total project costs will be approximately $38,486,352.
2003	Fire Apparatus Acquisition	CA	El Cajon	Public Facilities	The City of El Cajon will acquire a new fire engine ladder truck using Section 108 loan guarantee assistance in the amount of $850,000. The newly acquired fire apparatus is an integral part of a public facility and will primarily serve a low and moderate-income residential area, thus providing area benefit.
2004	Mount Hope Redevelopment and Senior Center Projects	CA	San Diego	Public Facilities	San Diego will use Section 108 guaranteed loan funds to assist with the development of a senior citizen center and public improvements consisting of sidewalks, curbs and gutters, in the Mount Hope Redevelopment Area. Both of the proposed activities are located in the southeastern area of the City, which is depressed both economically and physically. The activities will benefit an area of low- and moderate-income persons.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2004	NTC Redevelopment Project	CA	San Diego	Economic Development	San Diego will use the Section 108 guaranteed loan in conjunction with a $700,000 Brownfields Economic Development Initiative grant and provide this financing, through its Redevelopment Agency, to the NTC Foundation for the development of the Promenade Centre. This project is a 28 acre civic, arts, and cultural center that is one component of the redevelopment of a former 235-acre Naval Training Center, conveyed to the city in 1997 as surplus federal property. The NTC Foundation will use the city's funding to rehabilitate four deteriorated, historical buildings to aid in eliminating slums or blight in the designated area as part of the first phase of the Promenade Centre.
2004	Camp Hope Project	CA	San Diego	Public Facilities	The City of San Diego, California will use Section 108 loan proceeds to make a loan to the San Diego Justice Center Foundation to construct "Camp Hope." The camp will provide a variety of services to victims of domestic violence and abuse. These activities will benefit low- and moderate-income persons.
2005	Otay Mesa/Nestor Library	CA	San Diego	Public Facilities	San Diego will use its Section 108 Guaranteed Loan proceeds to finance the renovation of its Otay Mesa/Nestor Branch Library (the "Library"). Built in 1985 and located in one of the City's rapidly growing communities, the Library needs to expand its current capacity from 10,000 square feet to 15,000 square feet, to provide both additional shelving and space for computer labs. This library expansion project will benefit its neighborhood service area which has a is of benefit to low- and moderate-income persons that is 54% of all residents in the Library's service area.
2005	Public Facilities/ Improvements	CA	San Diego	Public Facilities	San Diego will use this Section 108 Guaranteed Loan proceeds to finance the retrofitting of a walk-in refrigerator and freezer for a "Food Bank" distribution center, which is owned and operated by the non-profit, Neighborhood House Association (NHA). The Food Bank is housed in NHA's newly purchased 80,000 square foot food warehouse facility, which will be the permanent home of the Food Bank. NHA, through the Food Bank, provides food to many and various charities in the City that assist in feeding the low and moderate-income population living in the city.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2004	Whittier Blvd. Revitalization Project	CA	Montebello	Public Facilities	Montebello will use the Section 108 guaranteed loan, in conjunction with a $2,000,000 Brownfields Economic Development Initiative Grant, to finance activities in Phase I of its Whittier Boulevard Streetscape project. These funded activities include improvements to the roadways, crosswalks, new curbs, gutters and street lightning. These activities will primarily benefit low and moderate income persons.
2006	El Centro Retail Project	CA	Huntington Park	Economic Development	The City of Huntington Park will utilize a Section 108 Guaranteed Loan to provide financial support to a for profit Developer, El Centro Huntington Park, Limited Liability Corporation (LLC), for the development of the El Centro Retail Shopping Center which will be located on a 75-acre site along Pacific Boulevard, a major street in the City. The site is located within the City of Huntington Park's designated HUD Enterprise Community and the Los Angeles Enterprise Community, which also receives funding for business development through the City's a Micro Revolving Loan Fund Program and the Huntington Park Business Assistance Center. The shopping center development will consist of 926,000 square feet of retail space. Huntington Park is a predominately Latino community of 61,370 people (based on the 2000 Census) on the near southeast side of Los Angeles, in which 82% of the population qualify as low-moderate income persons. The City will use an $825,000 Economic Development Initiative (EDI) grant competitively awarded to the City in the fiscal year 1999 to use in conjunction with Section 108 Guaranteed Loan funds to help fund the project which will cost a total of $255,516,035. The project will create an estimated 1,878 new full-time jobs and has already garnered interest from such corporations as Wal-Mart, Lowe's Home Improvement Warehouse, Target, Office Depot, Mervyn's, PetsMart, and Costco. These major retailers will not only provide improved shopping opportunities for the target area's population, but will also help stop the tax leakage the area is experiencing due to the lack of modern retail shopping facilities that contain national retail tenants. The Community Development Block Grant (CDBG) national objective for the City's use of its guaranteed loan proceeds is to benefit low-moderate income persons through job creation and to aid in the elimination of a blighted area.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2004	Senior Center Phase II	CT	Danbury	Public Facilities	Danbury will use its Section 108 guaranteed loan to finance property acquisition of five adjacent parcels of land, relocation expenses, demolition and related costs as well as costs directly related to the construction of a 8,500 sq. ft. facility. Related site improvements include public facilities and improvements such as landscaping and parking facilities for Senior Center Phase II. These activities will benefit low- and moderate-income senior citizens.
2003	Neighborhood Mall Development	CT	Hartford	Economic Development	The City of Hartford, Connecticut (the "City"), will utilize Section 108 loan guarantee funds for development of a neighborhood shopping mall in Clay Arsenal, one of the City's most distressed neighborhoods. The Main and Pavillion Shopping Center project will consist of 40,000 square feet of newly-constructed retail space, which will include a 15,000 square foot Midland's grocery store, an 8,000 sq. ft. Family Dollar store, and an additional 17,000 sq. feet of retail space for smaller tenants. The City will lend the funds to Public Housing Residents Going Places, Inc. ("PHRGP"), which will serve as the project's developer, owner, and property manager. The City, which owns the project site, will donate the property to PHRGP via title transfer. The Section 108 amount will be used in conjunction with a HUD Economic Development Initiative (EDI) grant of $300,000, which the City will grant to PHRGP for various construction-related costs. Along with providing needed goods and services to Clay Arsenal's residents, the project will create 36 new job opportunities to be available to low- to moderate income persons.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2004	Infrastructure Pool	FL	Fort Pierce	Public Facilities	Fort Pierce will use the Section 108 guaranteed loan to finance public facilities and improvements such as sidewalks, parks, playgrounds, and storm water system improvements. These activities will benefit a neighborhood with a population of 36,775, of which 62% are low- and moderate-income persons.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2005	Cedar Valley Riverfront Renaissance Project	IA	Waterloo	Economic Development	Waterloo will use its Section 108 Guaranteed Loan proceeds to assist in implementing activities which will further the reclamation and redevelopment of the riverfront of the Cedar River in the City to the City's downtown and its existing network of trails, and to enhance the residential portion of the Cedar Valley Riverfront. The City will utilize $2,970,000 of the Section 108 funds to finance construction of the a Pedestrian Riverwalk Loop that run the full length of the City's downtown on each side of the Cedar River. It will address the deteriorating conditions along this portion of the Cedar River. It will address the blighting factors by providing public infrastructure and removing deteriorated structures. In a nearby area, the City will invest $1,500,000 of its Section 108 Guaranteed Loan funds into the reconstruction of streets in those neighborhoods adjacent to the Rath Brownfield area in a comprehensive approach to replace deteriorated infrastructure in areas where neighborhoods comprise 86% of deteriorated housing stock and 55% of the residents have incomes less than 80% of the median. The City will also use $2 million in a Brownfields Economic Development Initiative grant in conjunction with its Section 108 Guaranteed Loan to remediate some of the commercial and industrial ground contamination in these neighborhoods. The City will use the remaining $3,750,000 Section 108 Guaranteed Loan funds to establish a loan fund for assistance to for-profit businesses within the Cedar Valley Riverfront target area. The city anticipates that this business lending activity will create approximately 84 new job opportunities for low- and moderate-income persons.

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2004	Warner and Acme Streets Project	MD	Baltimore	Economic Development	Baltimore will use Section 108 guaranteed loan funds in conjunction with a $975,000 Brownfields Economic Development Initiative (BEDI) grant, for acquisition, relocation, demolition, site preparation and issuance costs for the development of the Warner Street Business Center, located in the Carroll-Camden Industrial Park. The project consists of approximately 750,000 sq. ft of office space, mixed use, light industrial and manufacturing space and will result in the creation of approximately 1,650 permanent, full time jobs that will be held by, or made available to low- and moderate-income persons.
2004	Putnam Place Renovation Project	MA	Fitchburg	Economic Development	Fitchburg will lend its Section 108 guaranteed loan funds to a subrecipient, the Fitchburg Redevelopment Agency (FRA), to rehabilitate a 180,000 square foot building into a mixed use structure that will feature 100,000 square feet of high-bay, heavy crane manufacturing and an additional 80,000 square feet of office/business incubator space. New mechanical, electrical, HVAC, fire protection systems, roofs, windows and doors will also be installed. Site work, including sidewalks, lighting and landscaping will also be incorporated in the project. This activity will benefit low- and moderate-income persons through the creation of 228 new full-time jobs.
2004	Garfield II	MI	Detroit	Economic Development	Detroit will use $7.6 million of the Section 108 guaranteed loan to finance site acquisition and the construction of 355 spaces of structured parking in Detroit's Cultural District. The city will use the remaining balance of the Section 108 funding to make three separate loans to entities located in the area: 1) the G.R. Namdi Art Gallery to assist in financing the development of restaurant, a bookstore, and a coffee shop; 2) the Arts League of Michigan to assist in financing the development of a 272-seat theater, a visual arts studio for up to 50 artists, and a dance studio for 120 dancers; and 3) the Garfield Development Group, LLC to assist in financing the rehabilitation of 58 units of housing. All of these Section 108 funded activities will assist the city in eliminating blight conditions in this area as well as providing goods and services to the area's residents, of which more that 51 percent are low- and moderate-income persons.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2004	Deluth Rental Housing Development Program	MN	Duluth	Housing	Duluth will use the Section 108 guaranteed loan to create a loan fund for the development of rental housing. Through this loan fund the city will finance property acquisition, construction of public facilities, and related site improvements for rental housing development. At least 51% of the units in the completed rental housing development will be occupied by low- and moderate-income persons.
2004	Jordan Valley Park	MO	Springfield	Economic Development	Springfield will use Section 108 guaranteed loan funds, in conjunction with its $1,200,000 Brownfields Economic Development Initiative (BEDI) grant, to make loans to private developers to finance the redevelopment activities on two Brownfields sites, the Oberman Manufacturing Building and the former Universal Paint property (to be known as Jordan Valley Park). The redevelopment will include office, retail, restaurants and housing. Between the two buildings, there will be a total 94,800 square feet of which 37,000 will be affordable residential rental units. The project will create approximately 207 jobs that will be held by or made available to low- and moderate-income persons and approximately 30 housing units that will occupied primarily by low- and moderate-income persons.
2004	Courtlandt Corner-Bronx	NY	New York	Economic Development	New York will use the Section 108 loan guarantee, in conjunction with a $1,670,000 Brownfields Economic Development Initiative grant, to make a loan and grant to a non-profit developer to redevelop a former gasoline and car repair facility into a mixed development of 29,000 square feet of retail (pharmacy, grocery, home and car insurance, restaurant, and Laundromat) and community day care and medical service space. Other funding for the developer will finance the building's 69 affordable condominium units for families earning less than 80 percent of the area median income, and 11 parking spaces. The retail and community space will provide goods and services to the area's residents, of which 68.8 percent are low- and moderate-income persons.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2004	Hamilton Hill Neighborhood Swimming Complex	NY	Schenect-ady	Public Facilities	Schenectady will use the Section 108 guaranteed loan to finance construction of the Hamilton Hill Neighborhood Swimming Pool. This public facility will primarily benefit the residents of Hamilton Hill, an area where more than 51 percent of the residents are low- and moderate-income persons.
2004	n-Valley Technology Corp.	NY	Yonkers	Economic Development	Yonkers will use Section 108 guaranteed loan funds, in conjunction with its $1,000,000 Brownfields Economic Development Initiative (BEDI) grant, for additional financing to complete the renovation of a building in the Nepperhan Valley for start-up businesses, office and retail space known as the n-Valley Technology Center project. The project is being undertaken on behalf of the City by an independent not-for-profit corporation, n-Valley Technology Center (NVTC). The activity will benefit low- and moderate-income persons through the creation of 410 jobs.
2005	South Elm Street Project	NC	Greens-boro	Economic Development	Greensboro will use its Section 108 Guaranteed Loan in conjunction with a $2,000,000 HUD approved Brownfields Economic Development Initiative grant, and $200,000 from the Environmental Protection Agency to finance pre-development costs for the South Elm Street Brownfield Development Project. These pre-development activities include acquisition of real property, relocation payments, clearance, demolition and removal, infrastructure upgrades and site preparation of a 10-acre, downtown site that consists of vacant and abandoned properties, many of which are suspected to be contaminated with petroleum and other contaminants. The City's funds will also be used for assessment and remediation environmental contamination before ultimately selling the property for development. Initially a nonprofit organization, Downtown Greensboro, Inc., will coordinate the competitive selection of private developers to redevelop the prepared site into a mixed use of office, retail, and housing space. The city will retain some site parcels as public open spaces. This project will create an estimated 130 new jobs, 51% of which will be available to or held by low or moderate-income persons. This development complex will also benefit the surrounding low and moderate-income households by eliminating a blighted area.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2003	Infrastructure Improvements	OH	Cleveland Heights	Public Facilities	Cleveland Heights, Ohio, was awarded a $899,000 Section 108 loan guarantee to finance a variety of infrastructure improvements that will primarily benefit low and moderate income residents of the target areas. In the Severance Circle area, the city will implement street and water line improvements. Along portions of Goodnor and Somerton Roads, streets, curbs and curb ramps are being replaced. In the Coventry Village neighborhood a comprehensive streetscape plan will be implemented to replace cracked and heaved sidewalks and install pedestrian lighting and public art.
2004	Reconstruction of Lakewood YMCA	OH	Lakewood	Public Facilities	Lakewood will use the Section 108 funds to finance improvements and renovations of the YMCA. Guaranteed loan funds will be used for construction of this facility to comply with the Americans Disabilities Act (ADA). These activities will primarily benefit low- and moderate-income persons.
2004	Colorado Industrial Park Expansion	OH	Lorain	Economic Development	Lorain will use the Section 108 guaranteed loan to finance acquisition of real property, demolition, and site preparation costs in connection with the redevelopment of a 427-acre industrial park. Lorain estimates that the Section 108 financing assistance will stimulate more than $75,000,000 of private investment in the development of approximately 2 million square feet of commercial and industrial uses. In Phase I of this redevelopment project, the city also estimates that 164 new jobs will be created of which at least 51% will be held by low- and moderate-income persons.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2003	Salem Conference Center	OR	Salem	Economic Development	The City of Salem will utilize $7,900,000 in Section 108 loan guarantee assistance to develop a conference center in an urban renewal area in the downtown core. The 103,000 square foot conference center will be developed adjacent to a 185-room Phoenix Grand Hotel with access to the Riverfront Park. The center will be located between Liberty Street and Commercial Street, and Trade Street and Ferry Street. The City will loan the money to its Urban Renewal Agency (URA) which will own the public portion of the project, including the conference center, underground parking, and a public art gallery. The design includes approximately 70,000 square feet of small, medium, and ballroom size meeting space with a seating capacity of approximately 1,000 people. The parking garage will be developed on property owned by both the Salem Urban Renewal Agency and VIP's Hotels, Inc., through a public/private partnership. The City estimates that the conference center and hotel will create 37 full-time employees with 20 FTE jobs to be held by or available to low- and moderate-income persons. The entire project is estimated to cost approximately $31.8 million.
2004	Washington Elementary School Public Facilities	OR	Medford	Public Facilities	Medford will use the Section 108 guaranteed loan to finance street, sidewalk, pedestrian lighting and traffic calming improvements. These financed activities will primarily benefit the low and moderate income persons in the City's Washington Elementary School area .
2003	Head Start Daycare Project	OR	Beaverton	Public Facilities	Section 108 funds will be used by Beaverton, Oregon, for acquisition of property that is currently being operated as a Head Start Center by the Community Action Organization (CAC), a non-profit social service agency serving Washington County. Specifically, the city is proposing to purchase the property and building at 12385 SW Longhorne Lane from Reality Income Corporation, a private property management firm based in California, to secure a permanent child care resource for Beaverton's low-income families. Following acquisition, the City will enter into a lease with the CAC for the property.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2004	KPV Falcon Corporation Expansion Project	PA	Reading	Economic Development	Reading will use Section 108 guaranteed loan funds, in conjunction with a $1,400,000 Economic Development Initiative (EDI) grant, to provide funding assistance to KPV Falcon, a for-profit subsidiary of Summa Industries, Inc., to purchase machinery and equipment to be used in its newly constructed, 138,000 square foot facility in the industrial park. The activity will create approximately 200 jobs benefitting low- and moderate income persons.
2004	The Mall at Steamtown Renovation Project	PA	Scranton	Economic Development	Scranton will use the Section 108 guaranteed loan to make a loan to Steamtown Mall Partnership, L. P. to assist in financing tenant improvements and capital repairs of the common areas at its 565,000 square foot downtown mall. These funded activities will cause the creation of 86 new jobs, at least 51 percent of which will be held by low- and moderate-income persons.
2004	Lexington Technology Park	PA	Pittsburgh	Economic Development	Pittsburgh has been awarded a Section 108 loan guarantee in the amount of $3,000,000, and a Brownfields Economic Development Initiative grant in the amount of $1,100,000, to assist with economic development activities. Guarantee loan funds will be loaned to a non-profit entity to finance acquisition of real property (through long-term lease agreement). These activities will benefit low- and moderate-income persons through the creation of 120 full-time equivalent jobs.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2007	Pittsburgh Technology Center	PA	Pittsburgh	Economic Development	The City of Pittsburgh will re-lend the Section 108 proceeds to the City's Urban Redevelopment Authority (URA) to purchase a parcel of the Pittsburgh Technology Center (PTC) site to build and lease a 150,000 square foot office and laboratory facility. The URA will work with the Ferchill Group, a local for-profit developer, and their affiliated national developer, J. Christopher Enterprises. In 1983, the URA purchased the 48-acre former Jones & Laughlin Steel Mill facility and has since redeveloped the site into the Pittsburgh Technology Center. Thus far, the URA has developed eight of a possible 22 parcels for approximately 687,000 square feet of office space for commercial, office, and academic research activities. Since inception, the development has helped create almost 2,500 jobs since 1993. To support the office and laboratory facility, existing nearby businesses, and future development, the URA will use Section 108 Guaranteed Loan to construct a 723-space parking garage adjacent to the facility. The URA will utilize a BEDI award of $900,000 in conjunction with the $2,000,000 Section 108 Guaranteed Loan and another $1,000,000 BEDI grant in conjunction with the $5,500,000 Section 108 Guaranteed Loan. Pending approval, the URA will provide one additional Section 108 Guaranteed Loan of $3,000,000 in conjunction with a $1,100,000 BEDI grant to fund street and utilities relocation within the PTC. The Section 108 and BEDI funds will be paired with URA internal funding, Pittsburgh Development Fund loans, State Infrastructure Development grants and contributions from the PTC Fund for a total project cost of approximately $18,644,000. The Community Development Block Grant (CDBG) national objective for the City's use of guaranteed loan funds is to benefit low-moderate income persons through job creation. The City estimates that construction of the garage facility will create 386 full time or equivalent jobs of which at least 51% will be held by or available to low-or moderate-income persons. The URA will repay the Section 108 financing over a two-year term. At the end of the two year term, the URA will utilize a state Redevelopment Capital Assistance Program grant of $5,400,000 to pay down the principal amount. The URA will utilize funds from Pittsburgh Technology Center Fund to repay the remaining principal balance and interest payments. To secure repayment, the City pledges its future CDBG funds and additional collateral from the URA.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2005	Saluda Street Corridor Improvements	SC	Rock Hill	Public Facilities, Housing	Rock Hill will use the Section 108 Guaranteed Loan to finance housing rehabilitation, economic development activities and construction, rehabilitation, or installation of public facilities associated with the Saluda Street Corridor Neighborhood Revitalization project. The Saluda Street Corridor was designated a Neighborhood Revitalization Strategy Area (NRSA) by HUD on October 12, 2000. The NRSA is primarily residential and is the targeted service area for the City's expenditure of Section 108 funds for affordable housing, public facilities, and neighborhood economic revitalization. This mixed project will be of benefit to low- and moderate-income persons through area benefit, job creation, and housing activities.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2006	Court Square Center Project	TN	Memphis	Economic Development	The City of Memphis will provide financial assistance to a for profit Developer, Court Square Center, Limited Liability Corporation (LLC), for the rehabilitation and redevelopment of three contiguous, blighted, historic buildings totaling approximately 150,000 square feet into 74 market rate residential condominiums, as well as commercial restaurant, retail, and office space. The buildings are in downtown Memphis in an area designated by the city as a blighting and dilapidated area pursuant to Tennessee law. These buildings have been abandoned for approximately twenty years and are contaminated with asbestos material along with various other environmental contaminants due to the long term vacancy and abandonment. The City will re-lend the guaranteed loan funds through a New Market Tax Credit (NMTC) financial structure to an Investment Fund, a for profit, limited partnership, which will in turn use these monies and other funding to make capital contributions (equity investment) in a Community Development Equity (CDE), a for profit, limited partnership. The CDE will use this equity investment to make loans to Court Square Center, LLC, the Qualified Low Income Community Business (QLICB) to fund the rehabilitation and redevelopment costs. In conjunction with the Section 108 Guaranteed Loan funds, the City will utilize a 2003 fiscal year $2,000,000 Brownfields Economic Development Initiative (BEDI) grant award from the Department of Housing and Urban Development along with approximately $22,000,000 in NMTC equity from the US Bank for a total development cost of $40,203,800. The Community Development Block Grant (CDBG) national objective for the City's use of its guaranteed loan funds is to benefit low-moderate income persons through job creation and to aid in the elimination of blight on an area basis. The project will create an estimated 140 new full-time jobs. The City will repay the Section 108 Guaranteed Loan from revenues it receives from the project Developer over a twenty-year period, paying interest only for the first nine years. To secure repayment of the guaranteed loan funds, the City pledges its interest in its loan to the Investment Fund which is secured by the assignment to the City of the Investment Fund's partnership interest in the CDE, and a second lien position on the real property. The City also pledges its CDBG funds as security for repayment of its Section 108 Guaranteed Loan.

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2004	COPC Medical Clinic	TX	Irving	Economic Development	Irving will use the Section 108 guaranteed loan to finance acquisition of real property, site preparation, and construction of a 40,000 square foot public medical clinic. The medical clinic will provide a community site for non-emergency treatment and preventive care. The activity will benefit the estimated 30,000 medically indigent persons living in Irving, of which at least 51% are low- to moderate-income persons.
2004	Hotel Marshall Renovations	TX	Marshall	Economic Development	Marshall has been awarded a Section 108 loan guarantee to assist in financing an eligible economic development activity. The Hotel Marshall involves renovating and converting the eleven-story hotel into a mixed-use structure. Upon completion, Section 108 funds will be used to address conditions of blight on a spot basis to eliminate specific conditions detrimental to public health an safety.
2005	The Flour Mill Project	VA	Danville	Economic Development	Danville will use the Section 108 Guaranteed Loan in addition to other monies to make a loan to Dan Valley Flour Mill, LP, a for-profit entity, to assist the entity to redevelop the Flour Mill Restaurant. The 17,000 square foot, historic Flour Mill building will be converted into two unique restaurants, banquet facility, and 3,500 square feet of Class A office space. The project will create an estimated 80 permanent full time jobs, 51% of which will be held or made available to low- and moderate-income persons.
2004	Old Fire Station No. 1 Redevelopment Project	WY	Casper	Economic Development	Casper will use the Section 108 guaranteed loan to finance property rehabilitation, expansion, and redevelopment of a vacant and dilapidated fire station into approximately 6,565 square feet of commercial rental space. These activities will benefit low- and moderate-income persons through the creation of new full-time jobs.

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2004	Children's Dream Park & Center for Performing Arts	PR	Juana Diaz	Public Facilities	Juana Diaz will use the Section 108 guaranteed loan to finance two public facilities projects - the Performing Arts Center & School and the Children's Dream Park. The Performing Arts Center and School that will be constructed on approximately 4.29 acres of land. It will include the theater, faculty room, plaza for artisans, park of sculptures, maintenance/service areas, classrooms (rehearsal), workshop, and parking accessible to principal streets. The Children's Dream Park will be developed on approximately five acres of land and will include a multiple activity room, one covered basketball court, two baseball parks, children's passive recreation park, gazebos, bathrooms, and equipment for patio games. These two public facilities will benefit the residents of Juana Diaz of which more than 51% of the residents are low- and moderate-income persons.
2004	Tommytown Public Facilities Improvement Project	FL	Tommy-town	Public Facilities	Pasco County will use the Section 108 guaranteed loan to finance extensive public facilities improvements, including installation of new water and sewer lines, street and sidewalk paving, and lighting for the Tommytown Neighborhood Revitalization project. These activities will benefit the residents of Tommytown, an area of 205 acres, where 71.76 percent of the population is low- and moderate-income persons
2004	Regional Boys & Girls Club	MD	Annapolis	Public Facilities	Anne Arundel County will use Section 108 guaranteed loan funds to rehabilitate a portion of the historic Wiley H. Bates High School into a regional Boys and Girls Club facility. The project is being undertaken on behalf of the County by a non-profit organization, Arundel Community Development Services, Inc. (ACDS), contracted by the County to manage the project. The activity will benefit low- and moderate-income persons.

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2005	Redevelopment Park/Wood	MI	Highland Park	Public Facilities	Wayne County will use its Section 108 Guaranteed Loan proceeds to assist in the redevelopment of an 8.33-acre former Sears Department store site in the city of Highland Park. The City designated the site as a blighted area as defined under the Michigan Blighted Area Rehabilitation Act. The County will provide the Guaranteed Loan financing to the City of Highland Park, which will, in turn, transfer thetransfer the funds to the Highland Park Development Company, HP Devco, the City's non-profit Developer. HP Devco acquired the blighted 8.33-acre site formerly occupied by Sears Department storein order to prepare it for redevelopment. In order to remove the blighting elements on the site and make it developer-ready, HP Devco will utilize the Ccountry's loan to the City to fund on site public facility preparation and installation as well as other public improvements. Upon completion of all the public improvements, HP Devco will sell the former Sears site to Burton Katzman Development Incorporated (BKG). BKG will redevelop the Site into 125 units of for-sale housing with 25 units being made available to low- to moderate-income persons, and approximately 6,200 square feet of commercial space. This mixed-use redevelopment will meet a Community Development Block Grant national objective by eliminateing the blighting conditions of the former Sears site.
2004	Hoboken Shipyard Project	NJ	Hudson County	Economic Development	Hudson County will use Section 108 guaranteed loan funds to finance the tenant improvements in a machine shop and 46,000 square feet of retail space. An estimated 191 jobs will be created and held by or made available to low- and moderate-income persons.
2004	Economic Development Project	NJ	Gloucester County	Economic Development	Gloucester County will use Section 108 guaranteed loan funds to provide loans to for-profit businesses. The assistance is a component activity of an economic development project. The activity will benefit low- and moderate-income persons.

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2003	Camp Venture	NY	Orange-town	Public Facilities	Rockland County will use $640,000 in Section 108 loan guarantee assistance to make a loan to the Town of Orangetown. The funds will be used to acquire and rehabilitate a 6,300 square foot building to be used by Camp Venture, Inc., a non-profit corporation, as a Day Treatment Program facility for adults with severe developmental disabilities. The project will provide benefit to low and moderate-income persons on a limited clientele basis.
2004	Village of Kaser Drainage Facility	NY	Kaser Village	Public Facilities	Rockland County will use Section 108 funds to assist the Village of Kaser with the construction of a new drainage facility to alleviate flooding in the Village. Guaranteed loan funding will alleviate flooding in the Village that causes damage to residential properties, the community school, and playground. The service area that will benefit is primarily residential, and the low- and moderate-income population is slightly above 90 percent.
2004	Head Start of Rockland, Inc.	NY	Spring Valley	Public Facilities	Rockland County will use the Section 108 guaranteed loan to assist Head Start of Rockland, Inc. to finance site acquisition and construction of a 24,000 square foot children's all day, day care facility in the hill section of the Village of Spring Valley. The facility will benefit low and moderate income families in the Village.
2004	ARC of Rockland, Inc.	NY	New County	Public Facilities	Rockland County will use the Section 108 guaranteed loan funds to assist the Rockland Chapter of ARC to finance the construction of a 4,000 square foot addition to their Prime Time Early Learning Center in New County, NY. This addition will contain a therapeutic swimming pool for adults throughout Rockland County with significant developmentally disabilities whose family income does not exceed the low and moderate-income limit of the County.
2004	Community Outreach Center Town of Ramapo	NY	Ramapo	Public Facilities	Rockland County will use the Section 108 guaranteed loan funds to assist the Community Outreach Center, Inc., to finance the construction of a 15,000 square foot community center on a site donated by the Town of Ramapo. The programs in this facility will primarily benefit Ramapo's low-income families, at risk youth, and low income senior citizens.

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2004	Dutchess Economic Dev. Loan Fund (City of Beacon)	NY	Beacon	Economic Development	Dutchess County was awarded a Section 108 loan guarantee in the amount of $1,500,000 and an Economic Development Initiative grant in the amount of $600,000 to provide loans to new and existing businesses wishing to carry out economic development activities along the waterfront and Main Street. The project is expected to create 100 jobs.
2004	Horizon Corporate Center Project	PA	Bucks County	Economic Development	Bucks County, through the Redevelopment Agency of Bucks County, will use Section 108 guaranteed loan funds in conjunction with a $2,000,000 Brownfields Economic Development Initiative (BEDI) to make a loan to a private developer for infrastructure improvements to facilitate development of two commercial pads sited for a Wal-Mart and a Lowe's Home Center. The project will generate approximately 143 full time jobs benefiting low- and moderate-income persons.
2004	French Creek Center Project	PA	Phoenix-ville	Economic Development	Chester County will loan its Section 108 guaranteed loan for the Gateway Partnerships, LLC and the Shoppe's at French Creek, LLC in conjunction with Brownfields Economic Development Initiative grant of $2,000,000, to develop two parcels as part of the French Creek Center Project in the Borough of Phoenixville. The project includes construction of: (1) the Gateway Building, a 33,500 square foot, four-story commercial office building, and (2) the Shoppe's at French Creek, approximately 58,000 square feet of village retail and 81,000 square feet of professional office space. To complement the construction of these buildings, there will also be extensive site improvements, infrastructure and environmental remediation activities. These activities will benefit low- and moderate-income persons through the creation of 172 new full-time jobs.
2004	Downtown Streetscape Improvements	PA	Ambridge, Midland, New Brighton	Public Facilities	Beaver County will use the Section 108 guaranteed loan to finance public facilities and improvements in the Boroughs of Ambridge, Midland, and New Brighton. Improvements include the relocation of electrical services, construction of walkways, and installation of traffic controls. While helping to preserve the architectural and economic integrity of these three town centers, these activities benefit a combined population of 17,278, of which 59% are low- to moderate-income persons.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2005	Pennsylvania Small Cities Consortium	PA		Economic Develop-ment, Public Facilities, Housing	A consortium of 31 Community Development Block Grant (CDBG) non-entitlement communities, assisted by the Commonwealth of Pennsylvania, was approved for Section 108 Loan Guarantee commitments to assist in financing 38 eligible activities including housing development, economic development, and public facilities improvements. Approximately $15,800,000 of Section 108 Loan Guarantee funds will finance housing rehabilitations activities of which, low and moderate-income households will occupy at least 51% of the housing structures. An estimated $43,650,000 of the funds will finance economic development projects that will create new an estimated 873 new jobs of which 51% be made available to or held by low and moderate income persons. The remaining $33,550,000 will be used to develop community facilities, which will provide benefits to neighborhood areas of which 51% of the persons residing in the neighborhood are persons of low and moderate incomes.
2005	Pennsylvania Small Cities Consortium	PA		Economic Develop-ment, Public Facilities, Housing	A consortium of 31 Community Development Block Grant (CDBG) non-entitlement communities, assisted by the Commonwealth of Pennsylvania, was approved for Section 108 Loan Guarantee commitments to assist in financing 38 eligible activities including housing development, economic development, and public facilities improvements. Approximately $15,800,000 of Section 108 Loan Guarantee funds will finance housing rehabilitations activities of which, low and moderate-income households will occupy at least 51% of the housing structures. An estimated $43,650,000 of the funds will finance economic development projects that will create new an estimated 873 new jobs of which 51% be made available to or held by low and moderate income persons. The remaining $33,550,000 will be used to develop community facilities, which will provide benefits to neighborhood areas of which 51% of the persons residing in the neighborhood are persons of low and moderate incomes.

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2004	Family Success Center	AL	Gadsden	Public Facilities	Gadsden will use Section 108 guaranteed loan funds to fund renovations and improvements of a City owned property to support family services. The project will provide support services through a coalition of service agencies, health care providers, educators, career development specialists, church and civic organizations. The public facility will benefit low- and moderate-income persons.
2004	Tuscaloosa Avenue Infrastructure Improvements	AL	Gadsden	Public Facilities	Gadsden will use Section 108 guaranteed loan funds to support the development of infrastructure improvements to Tuscaloosa Avenue and East Broad Street. The improvements will include drainage and sidewalk improvements, street lighting, and the construction of curbs and gutters. The activities will benefit a low- and moderate-income area.
2005	Josephine Allen Neighborhood Resource Center	AL	Mobile	Housing	Mobile will use this Section 108 Guaranteed Loan to finance the construction of a new Neighborhood Resource Center within the public housing development known as Josephine Allen Homes. The Center will be built on a site of approximately 15,600 square feet owned by the Mobile Housing Board. It will include a variety of self-sufficiency programs including a child day care center, adult education facility, library/media center, Head Start center, a health clinic and police precinct. A portion of the proceeds from the Section 108 Guaranteed Loan will be used to make payments of interest on the guaranteed loan. This facility will serve the residents of the Josephine Allen Homes and the Happy Hills Neighborhood of whom least 51% are low and moderate-income persons.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2005	Mountain View Redevelopment Loan Fund	AK	Anchorage	Economic Development	Anchorage will use the Section 108 guaranteed loan to capitalize the Mountain View Redevelopment Fund for making loans and/or grants to public or private nonprofit organizations and private for-profit businesses to carry out commercial economic development activities in Mountain View, Anchorage's Arts and Cultural District. This distressed area had commercial and military uses which left parts of the area with ground contamination. Section 108 guaranteed loan financing will be used in conjunction with the City's $2,000,000 Fiscal Year 2003 Brownfields Economic Development Initiative grant award. The city's funding activities will cause the creation of an estimated 150 new jobs of which at least 51% will benefit low and moderate-income persons.

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2006	Alameda Downtown Revitalization	CA	Alameda	Economic Development	The City of Alameda will provide financial assistance to the Community Improvement Commission (CIC) for the construction of a new 325-space public parking garage on Oak Street as a part of the expansion of the City's historic business district. The lack of off-street parking spaces in the City's downtown historic district has limited investment and the revitalization of the area. The development of the garage, however, will facilitate the renovation and economic development of the historic Alameda Theater. Also, it will provide needed spaces which will assist business owners in the leasing of 46,000 square feet of vacant retail space and approximately 26,000 square feet of vacant office space within two blocks of the parking structure. The renovation of the Alameda Theater will address the structure's problems with asbestos contamination, lead-paint, and mold, and it will include the removal of the underground storage tanks on the site. The City will re-lend the Section 108 Guaranteed Loan to CIC for the construction costs of the garage. In conjunction with the guaranteed loan funds, the City will lend an $800,000 Brownfields Economic Development Initiative (BEDI) grant awarded to the City in 2004. The CIC will use the BEDI funds to pay interest for the first three or four years on its loan from the City for garage construction. The CIC will also use $1,125,000 in existing taxable bond proceeds for a total cost of $8,925,000. The Community Development Block Grant (CDBG) national objective for the City's use of the Section 108 Guaranteed Loan is to benefit low-moderate income persons through job creation. The project will create an estimated 335 new full-time jobs from the surrounding retail and office space. The City will repay the guaranteed loan funds over a twenty-year period, paying interest only for the first two years. The City will use parking meter revenues and CIC repayment of its loan from the City to repay the Section 108 Guaranteed Loan. To secure repayment of the guaranteed loan funds, the City pledges a first lien on the parking structure, as well as its CDBG funds

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2006	Miraflores Housing Development at Sakai/Oishi Nursery	CA	Richmond	Housing	The City of Richmond, the Richmond Community Redevelopment Agency (RCRA), Eden Housing, Inc, and Community Housing Development Corporation of North Richmond (CHDCNR) will develop mixed income housing consisting of 99 for sale, single family units and 71 units of rental housing for lower income persons on the 13.9-acre Miraflores plot. The site was formerly a garden and tree nursery for over 100 years but has become blighted and contaminated with chemicals, gasoline and oil. The City designated the site as blighted under a special California redevelopment law. The RCRA will acquire and cleanup the site and then Eden Housing, Inc and Community Housing Development Corporation of North Richmond will develop the site. The housing will be in close proximity to a retail development which is currently under construction. The retail development will create 450 new jobs which will provide employment opportunities to this residential development. The City will use the Section 108 Guaranteed Loan proceeds in conjunction with $1,000,000 in Brownfields Economic Development Initiative (BEDI) grant funds to acquire and prepare the Miraflores site. The total project costs for the Miraflores development is $63,713,518 of which $26,880,000 will be home buyer loans and $18,200,000 will be equity from the sale of Low Income Housing Tax Credits. The Community Development Block Grant (CDBG) national objective for the City's use of its guaranteed loan is to address slums or blights on an area basis. The City will repay the Section 108 Guaranteed Loan over a twenty-year period, paying interest only for the first six years. The repayment will come from the City's CDBG funds and tax increment payments. To secure repayment, the City pledges its annual tax increment funds and its CDBG funds.

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2005	San Jose Airport Expansion	CA	San Jose	Economic Development	San Jose will use its Section 108 Guaranteed Loan proceeds to assist with the acquisition of a vacant 75-acre site that is adjacent to the City owned Norman Mineta International Airport, in order to facilitate the Airport's upgrade and expansion. The Site will initially be used as a transitional area for Airport's expansion-related activities including interim construction staging, relocation of rental car operations and airport employee parking. This expansion project at the Airport's new North Concourse will contain the security and cargo facilities. The City estimates that this Airport development project create an estimated 836 full-time equivalent jobs, 51% of which will be held or available to low and moderate-income persons. Upon completion of the Airport expansion, the project site will ultimately be re-developed into approximately 3,000,000 square feet of office and commercial space, which will create additional new job opportunities for low and modern income persons.
2005	Northridge Earthquake Recovery Project	CA	Los Ange-les	Economic Development	Los Angeles will use the Section 108 Guaranteed Loan to finance the Northridge Earthquake Recovery project. The City will use the Section 108 financing for rehabilitation or reconstruction of approximately 793 single-family unites and 3,865 multifamily units damaged by the Northridge earthquake, which occurred January 17, 1994. These apartment buildings or housing units were determined to be unsound either structurally for entry, unsafe for residency or had sustained over $7,500 in damage per housing unit. The earthquake affected greatly damaged the amount of safe and affordable housing units that were already deemed scarce in short supply for residents.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2005	Marlton Square	CA	Los Angeles	Economic Development	Los Angeles will use its Section 108 Guaranteed Loan funds and other monies to finance the redevelopment of the 19.7-acre Santa Barbara Plaza, a designated slum and blighted site in the Crenshaw area of South Los Angeles. This redevelopment will be a mixed-use retail-residential development to be named Marlton Square. The Section 108 guaranteed loan funds will be used in conjunction with a $2 million Brownfields Economic Development Initiative Grant to assist in financing then finance the construction of 119,000 square feet of retail space other development components include, 140 units of single-family housing, 150 residential condominiums, and a Community Facility. This project will be carried out in accordance with the Redevelopment Plan for the Crenshaw Redevelopment Project area and meet the Community Development Block Grant national objective of eliminating slums or blight on an area basis.
2005	Lesbian, Gay, Bi-Sexual, Transgender Project	CA	San Diego	Public Facilities	San Diego will use its Section 108 Guaranteed Loan proceeds to assist the San Diego Lesbian, Gay, Bisexual, and Transgender (LGBT) Community Center, Inc. in the financing rehabilitation work for its center. The Center offers 22 programs and provides services to over 1,800 persons each year, that include mental health programs, domestic violence programs, support services for persons living with HIV/AIDS, and youth counseling programs and has a policy of non-discrimination, offering its services to all persons who have need of its programs.LGBT needs the City's funding to make the basement of its current facility usable for provision of more services and to widen the meeting room doors and entryway for accessibility for handicapped clients. Also, this phase of the improvements will include a hydraulic lift between floors to provide access to handicapped clients. The LGBT Center must provide income information to the City that shows that at least 51 percent of its clientele that will use its facility are persons whose family income does not exceed the low- and moderate-income limit.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2006	Business Assistance Loan Pool	CO	Colorado Springs	Economic Development	The City of Colorado Springs and the Economic Development Division of the City of Colorado Springs will establish a business loan fund that will assist existing businesses and attract new businesses to distressed areas of the City of Colorado Springs. Loans will also be provided to non-profit service providers and public housing entities. The Loan Fund will be open for any and all distressed areas within the City of Colorado Springs, but the focus will primarily be on three separate districts of the City, two of which are State-designated urban renewal areas. The Community Development Block Grant (CDBG) national objective for the City's use of its guaranteed loan proceeds is to benefit low-moderate income persons through job creation and the elimination of slums or blight. The Loan Fund will cause the creation of approximately 400 new jobs as the City will require that borrowers create one full-time job per $35,000 borrowed. The City will repay its Section 108 Guaranteed Loan over a twenty-year period, utilizing the repayments of its borrowers. To secure the repayment of its guaranteed loan, the City will pledge its interest in third party loans secured by first lien positions on real property, personal guarantees, equipment, accounts receivable, and/or inventory. Also, the City pledges its CDBG funds.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2005	Lakewood Public Facilities/Park	CO	Lakewood	Public Facilities	Lakewood will use the Section 108 Guaranteed Loan to support the redevelopment and construction of public facilities and parks in eleven different low and moderate-income neighborhoods. The Lakewood Housing Authority plans to construct childcare facilities in each of the neighborhoods that offer a sliding scale fee system so that low- and moderate-income clientele are the primary beneficiaries. These facilities will be owned by the City and constructed on land owned by the Lakewood Housing Authority. The Lakewood Housing Authority plans to construct childcare facilities in each of the neighborhoods that offer a sliding scale fee system so that low- and moderate-income clientele are the primary beneficiaries. These facilities will be owned by the City and constructed on land owned by the Lakewood Housing Authority. There are several aging and inadequate recreation facilities and parks in these neighborhoods that need repair and replacement of recreational equipment. The Section 108 Guaranteed Loan funds will assist the City in redevelopment and construction of these spaces to meet the need for recreation space, additional amenities, safety issues, and to maximize the amount of park and recreation space available to citizens of the eleven low- and moderate-income neighborhoods.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2005	Business Improvement Loan Fund	GA	Savannah	Economic Development	Savannah will use its Section 108 Guaranteed Loan proceeds to combine with $2 million in previously approved Section 108 Loan Guarantee financing to 1) provide $1 million to capitalize the City's Martin Luther King, Jr. Revolving Loan Fund, which will provide loans to approximately 25 small business start-ups and expansions; 2) fund $1 million for the start-up of The Entrepreneurial Center, including converting a blighted, former fire station into a business support services facility which will assist approximately 250 inner-city residents to develop and sustain micro and small neighborhood businesses and 3) use $1 million to capitalize a Business Improvement Loan Fund for financing to assist commercial property owners and others to rehabilitate commercial buildings within the City's Community Development Block Grant target area. These lending activities will cause the creation of approximately 130 new jobs of which, at least 51% will be held by t low and moderate-income persons.
2005	Neighborhood Revitalization Project	IL	Aurora	Economic Development	Aurora will use the Section 108 Guaranteed Loan to establish an Economic Development Loan Fund to make loans to businesses located within the City's HUD approved Neighborhood Revitalization Strategy Area (NRSA) in the downtown area. The city will provide financing to businesses in the NRSA for business expansion, equipment purchases and working capital. This lending activity will cause the creation of an estimated 200 full-time equivalent jobs of which at least 51% will of these new jobs will be made available to or held by persons of low and moderate-income.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2005	W.A. Whitney/ Mega Fabrication Project	IL	Rockford	Economic Development	Rockford will use its Section 108 Guaranteed Loan to assist a for-profit entity, Mega Fabrication, Inc., with the acquisition of W.A. Whitney's business assets, including its production facility from the Esterline Corporation. The W.A. Whitney company produces computer-controlled laser plasma metal cuttings and will continue its operations under the name of W.A. Whitney. Mega Fabrication, Inc. will expand W.A. Whitney's operations and its business, which cause will the creation of 30 new full-time-equivalent jobs. This business expansion project in Rockford will benefit low- and moderate-income persons through the creation of new job opportunities.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2006	Lawrence Gateway Redevelopment Project	MA	Lawrence	Economic Development	The City of Lawrence in collaboration with The Merrimac Valley Regional Transit Authority (MVRTA) will provide financial assistance for the redevelopment of a 20-acre blighted plot of land in the Gateway District of the City. The site is located within a federally-designated Renewal Community, and is also located within a State-designated Economic Opportunity Area. The project will include the construction of a 2.8-acre public park and a 1,025-space surface parking facility. The parking facility will be built on an 8.46-acre parcel of the site which is currently owned and is being renovated by GenCorp. GenCorp is carrying out remediation on the Site under a 2004 US Environmental Protection Agency-approved Remediation Action Plan. The surface parking facility must be completed before GenCorp may transfer title of the 8.46-acre parcel to MVRTA. The City will utilize $500,000 of its Section 108 Guaranteed Loan proceeds to finance the redevelopment of a 2.8-acre City-owned parcel into a public park. The remaining $2,400,000 of the Section 108 Guaranteed Loan proceeds will be re-lent to MVRTA to finance the filling in of underground raceways on the 8.46-acre plot. The City will utilize $725,000 of its $2,000,000 in Brownfields Economic Development Initiative (BEDI) grant funds toward establishment of a debt service reserve. The City will utilize the remaining $1,275,000 in BEDI funds toward the installation of other site improvements (including clearance and remediation of polychlorinated biphenyls and asbestos) for the development of the public park. The total cost of the project is $19,456,875. The Community Development Block Grant (CDBG) national objective for the City's use of its guaranteed loan funds is to benefit low-moderate income persons through job creation. The project will cause the creation of between an estimated 400 and 1,200 new jobs as the parking spaces will encourage commercial development of new office and retail space in buildings around and adjacent to the parking site. Also, the CDBG national objective for the use of the Section 108 Guaranteed Loan is to prevent/eliminate blighted areas and slums on an area basis. The lack of public amenities has contributed to the areas demise and so this project will revive the economic viability of the area. The City will repay the Section 108 Guaranteed Loan over a twenty-year period, paying interest only for the first five years. The City will use parking facility revenues to repay the loan. To secure the repayment of the loan, the City will pledge its interest in its third-party loan to MVRTA, secured by a first lien position on the Site's parking facility and its CDBG funds.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2005	Hamilton Canal District Dev. Project	MA	Lowell	Economic Development	Lowell will use its Section 108 Guaranteed Loan to assist in financing the Hamilton Canal District Development Project within Lowell's Federally-designated Renewal Community. The City will use $2,000,000 of a Brownfields Economic Development initiative grant and guaranteed loan funds to acquire and assemble an 18.8-acre site. The site will be combined with a 31, 300 square foot plot of land currently owed by the City for conveyance to a Master Developer. The Master Developer will create a build-out plan and sell individual sites to developers for retail, restaurant, and office space as well as some residential structures. This project is estimated to create 375 jobs of which 51% will be available to or held by low and moderate-income persons.
2005	Lawrence Manufacturing Mills Project	MA	Lowell	Economic Development	Lowell will use its Section 108 Guaranteed Loan to acquire the former Lawrence textile mill and convert it in to 152 market rate residential condominium units. The site is located within Lowell's Federally-designated Enterprise Community (EC). In 1999, HUD approved the city's proposal to this same area designate this area as a Neighborhood Revitalization Strategy Area (NRSA). The NRSA designation permits housing units assisted pursuant to that strategy to be considered part of a single structure for purposes of meeting the Community Development Block Grant (CDBG) national objective for providing housing of which low and moderate households must occupy 51% of the housing structures. When the housing created by the Lawrence Manufacturing Mills project are aggregated with the housing structures receiving CDBG assistance in the NRSA, over 51% of assisted structures will be occupied by low-and moderate-income households.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2005	Boot Cotton Mills – West Mill Project	MA	Lowell	Economic Devleopment	Lowell will use the Section 108 Guaranteed Loan to assist in financing the remodeling of the West Mill of the Boott Cotton Mills complex in downtown Lowell, which will be the fourth and final phase of the rehabilitation of the historic Boott Cotton Mills. This final phase will be the rehabilitation of former mill space into multiple office spaces to lease to business tenants. The new office tenants expect to create approximately 130 new jobs of which 51% will be available to or held by low to moderate-income persons. Also, a condominium project in this final phase that is contiguous to the office spaces in the building will be simultaneously developed into a 108 unit-complex of market rate residential housing condominiums, which will meet the Community Development Block Grant (CDBG) national objective of activities to eliminate slums or blight on a spot basis Although this residential condominium is funded privately, the city must demonstrate that this residential condominium also meets a CDBG national because the private developer's bank loan for the rehabilitating office spaces and residential condominium space requires a first mortgage lien on both projects that can be used for loan repayment in the event the developer defaults on repaying the bank's loan for either the office spaces or the housing condominium.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2006	New Homes Project	MI	East Lansing	Housing	The City of East Lansing will utilize its Section 108 Guaranteed Loan to finance the development of a single-family housing community in a one-block area in the City's HUD approved Neighborhood Revitalization Strategy Area (NSRA). The NRSA is a designated neighborhood in the City that will benefit from comprehensive redevelopment activities. This redeveloped neighborhood will consist of twenty one single-family detached homes, six townhouses, and twelve single-family duplexes and triplexes in five housing structures. The City will use the Section 108 Guaranteed Loan for the site acquisition, relocation costs, clearance of the site, site preparation including site clearance, demolition and removal, and payment of Section 108 Guaranteed Loan issuance costs. The City will also use the guaranteed loan funds for the construction and installation of public site improvements. The total cost of these activities is $1,500,000. The Community Development Block Grant (CDBG) national objective for the City's use of the guaranteed loan proceeds is to benefit low-moderate income households through the creation of permanent housing. The City will repay its guaranteed loan over a twenty-year period using its annual CDBG funding. To secure repayment of the guaranteed loan, the City pledges a first lien on the land and building commonly known as Grove Street Parking Ramp, as well as its CDBG funds.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2005	County Draperies Project	NY	Middle-town	Economic Development	Lowell will use its Section 108 Guaranteed Loan to make a loan to Carsar Realty Corporation in order to assist in financing renovation of the County Draperies, Inc. building, a manufacturer of draperies, bedspreads, and related items for the hospitality, governmental, cruise ship, commercial, and health care industries. County Draperies, Inc. will renovate a 68,590 sq. ft. building on 10.8 acres as part of a $1.67 million project that will expand the building and consolidate its existing manufacturing functions in one location that is around the corner from its existing location in Middletown. Carsar Realty will lease the premises to the City of Middletown's Industrial Development Agency (IDA) and the IDA will then sublease the property back to Carsar Realty, which will sub-sublease it to County Draperies, the manufacturing company that will create the jobs anticipated for this project. The project will benefit low- and moderate-income persons through the creation of 23 new full-time jobs.
2005	Downtown Commercial Loan Project	NC	Gastonia	Economic Development	Gastonia will use the Section 108 guaranteed loan to establish a Downtown Commercial Loan Program. The program is intended to stimulate economic development in the city's Central Business district by by financing the redevelopingment of deteriorated properties which will provide commercial space for businesses that and will provideing goods and services to low- and moderate-income persons. New jobs created as a result of this lending activity will primarily be held by or made available to low and moderate-income persons.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2005	Uptown Business Revitalization Project	NC	Lenoir	Economic Development	Lenoir will use the Section 108 Guaranteed Loan to finance a public parking garage and other public improvements as part of its assistance to revitalize the Uptown Business District in support of the Hogwaller Marketplace. The Marketplace will consist of five buildings that will provide 30,000 square feet of commercial space and retail spaces for twelve businesses, creating 24 new jobs of which at least 51% will be held by low and moderate-income persons. The city will acquire properties between Church Street and Boundary Street. It will provide relocation assistance to displaced tenants, before demolishing the properties and preparing the acquired site to create a 92 space municipal parking facility for customers of the hardware store, restaurants and other retail stores.
2005	Metro Transfer Station	OH	Akron	Public Facilities	Akron will use its Section 108 Guaranteed Loan to assist in the financing of an off street multi-modal Transportation Center on East Market Street in the Central Business District of Akron, Ohio. METRO Regional Transit Authority, Akron's public transit provider, will operate this 4.93-acre transportation center. Ninety percent of the land will be used by METRO with 140 bus trips and 2,000 – 3,000 transfers per day. Akron will be acquiring the property, demolishing the structures and preparing the site for the leasing and development of the station by METRO. The Multi-modal Transportation Center will primarily act as the bus transfer point link for all rail and transit users in the Akron area. This center, however, will improve connectivity among several modes of transportation becoming the main hub for METRO buses and transfer of passengers between bus routes, rail and taxi. The transfer facility will be available to all residents of the City, 56.5% of which are considered low and moderate income. Eighty percent of METRO's riders have household incomes of less than $30,000, and 29% have household incomes of less than $10,000 and 51% of METRO's passengers are using the bus to reach their employment daily, mostly within Akron.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2005	Diane Sauer Chevrolet, Inc.	OH	Warren	Economic Development	The City of Warren will use its Section 108 Guaranteed Loan proceeds to make a loan Diane Sauer Chevrolet, Inc., a full service automobile dealership as a financial incentive for the business to remain in Warren instead of moving outside the City and causing the City to lose 119 jobs. Diane Sauer Chevrolet, Inc. will use the City's loan to acquire a site on which they will construct a new facility, renovate a building, purchase new machinery and equipment, and make improvements to the grounds and parking lots on a site located in the City's Central Business District building. Theis business retention project is expected to retain 119 jobs and create 10 additional jobs for low- and moderate-income persons in the City of Warren.
2005	Gold Dome Building	OK	Oklahoma City	Economic Development	Oklahoma City will use its Section 108 Guaranteed Loan proceeds to make a loan to the Gold Dome, LLC to assist with the rehabilitation of the Gold Dome Building in the Asian District of the Midtown Area. The project is located in an area that was approved by HUD in 1999 as a Neighborhood Revitalization Strategy Area. The developer's development will include construction, remediation of asbestos, addition of an elevator and other requirements for public access, as well as renovation of the building into office, retail, and restaurant spaces. The building has approximately 22,000 square feet of rentable space and is estimated to create 20 jobs of which 51% will be available to or held by low to moderate income persons.
2005	Micro-Enterprise & Revolving Loan Program	OK	Oklahoma City	Economic Development	Oklahoma City will use the Section 108 Guaranteed Loan to establish a Loan Fund in order to provide loans to businesses in the City's Neighborhood Revitalization Strategy Area (NRSA) and, on a case by case basis, businesses outside of the NRSA. Specifically, the fund will provide loans to micro-enterprises and small businesses. Short-term loans will range between \$5,000 and \$45,000 and long-term loans will range between \$45,000 and \$500,000. The business loans will cause the creation of approximately 80 new jobs, which will be held by or made available to low and moderate-income persons.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2006	Dell Corporate Business	OK	Oklahoma City	Economic Development	The City of Oklahoma City will provide financial assistance to Dell, Inc. for the development of a Dell Business Service Center which will be comprised of three office buildings and parking areas. The Business Service Center will be built on a 62-acre former landfill west of the downtown area in the City's Neighborhood Revitalization Strategy Area (NRSA) and a Federally-designated Empowerment Zone (EZ). The City will provide Dell, Inc. with a development ready site with all necessary infrastructure and site improvements completed, environmental liability insurance, as well as a grant to Dell, Inc., which will be based on the number of new, full-time employees hired by the company for the new business center. Dell estimates that the company will hire approximately 1500 persons. The City will fund the Section 108 Guaranteed Loan proceeds to Dell, Inc. as a business operations grant calculated on a per employee amount for persons hired in newly created positions at the Dell Business Service Center. The infrastructure and site improvements will be funded with $8,116,000 in tax increment financing bonds (TIF) and with $3,725,000 in Economic Development Administration (EDA) Public Works Program grant funds. In conjunction with the guaranteed loan funds, the City will use an $822,645 Brownfields Economic Development Initiative (BEDI) grant to make interest payments on its guaranteed loan. The total project cost will be an estimated $17.3 million. The Community Development Block Grant (CDBG) national objective for the City's use of the guaranteed loan proceeds is to benefit low-moderate income persons through job creation. The site is located in a census tract which qualifies as a low-moderate income tract, so jobs created from this project will be available to predominantly low-moderate income persons. The City will repay the Section 108 Guaranteed Loan over a five-year period, paying interest only for the first two years. The City will use future CDBG funds to repay the loan and also pledges these funds to secure repayment of the guaranteed loan.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2005	Allentown Brew Works	PA	Allentown	Economic Development	Allentown will use the Section 108 guaranteed loan to fund the renovation of the former Harold's Furniture Store into a 350-seat brew-pub/restaurant and commercial office space in the City's central business district. The space is currently owned by the Redevelopment Authority of the City of Allentown and will be conveyed to Fegley Real Estate, LLC for one dollar. The Allentown Brew Works is expected to create 71 new jobs, of which at least 51% will be held or made available to low and moderate-income persons.
2005	North Cameron Street Redevelopment	PA	Harrisburg	Economic Development	Dauphin County and the City of Harrisburg will use their Section 108 Guaranteed Loans to make a single loan to Cameron Real Estates, Limited Partnership to redevelop 1000 North Cameron Street, a 10.42-acre site in the City of Harrisburg's Federally designated Enterprise Community and state Enterprise Zone. A former steel manufacturing facility on the site was heavily damaged by Hurricane Agnes in 1972 and subsequently demolished. The developer will construct a 500,000 square foot building with 400,000 square feet of offices and manufacturing space, which will be leased to Advanced Communications Agency, Inc. (ACA). The remaining 100,000 square feet will be leased to other small businesses. This new commercial space will cause the creation of an estimated 265 new full-time jobs for ACA and an additional 150 new full-time jobs by other commercial tenants of leased space. At least 51% of the estimated new jobs will be held by or made available to low and moderate-income persons.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2005	Sovereign Bank Office Building	PA	Reading	Economic Development	Reading will use its Section 108 Guaranteed Loan proceeds to make a loan to Reading's Future, LLC, the for-profit subsidiary of Our City Reading, a non-profit corporation, which will use the loan funds to finance the construction of a 120,157 square foot office building in Reading's Central Business District (CBD) for Sovereign Bank's back office operations. The city will use a HUD approved $1,100 Brownfields Economic Development Initiative grant to carry out extensive environmental remediation and assist in demolishing older, under utilized buildings adjacent to the site for parking. The City of Reading owns the land that is the site of the project and will sell it to Our City Reading. The project's Developer, Reading's Future, LLC, will lease the land from Our City Reading and will construct the office building and lease it to Sovereign Bank. This project is located in an area, which has a poverty rate of 47.2%. The Bank's new office building is estimated to create 150 new jobs of which at least 51% will be available to or held by low and moderate-income persons.
2005	goggleWorks	PA	Reading	Economic Development	Reading will use its Section 108 Guaranteed Loan proceeds to make a loan to Our City, Reading, Inc., a non-profit developer. The Developer will use the loan funds to assist in financing the acquisition of a 2.5 acre site on which exists the 165,000 square foot Dalloz Eyeglass factory. The former factory will be renovated into a multi-purpose arts center, which will contain classroom space for Reading Area Community College, an arts theater, over 21,000 square feet of artist work space, over 39,000 square feet of space for glassworks/ceramics and other art work, approximately five artist live/work spaces, and another 45,000 square feet of space for offices, retail, and storage. The city expects the Project to create 143 new jobs of which at least 51% will be available to or held by low and moderate-income persons.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2005	Mixed-Use Devleopment	TN	Chatta-nooga	Public Facilities	Chattanooga will use its Section 108 Guaranteed Loan to fund public improvements in Alton Park and establish a brownfields lending fund and a housing rehabilitation loan fund, which will include public facilities financing. The City will use approximately $7,700,000 of the funds for the construction of new sewer systems, streets, sidewalks, lighting, and streetscape amenities in the Alton Park community and the adjacent site of the former McCallie Homes Public Housing units. These new infrastructure improvements will benefit the residents of the Alton Park community, 86.2 % of who are of low- and moderate-income persons. The City will use, approximately $1,000,000 to establish The Brownfields Loan Program to make loans not to exceed $250,000 to for-profit entities to assist in the cost of cleanup and redevelopment of environmentally contaminated properties, in various designated sites in the city, for the creation of new business ventures and new jobs. This lending activity will create an estimated 20 new jobs, of which at least 51% percent will be available for low- and moderate persons. The remaining $1,300,000 will be used by the City to establish the Community Development Loan Fund, which will include loans for housing rehabilitation, loans to small businesses, and public facilities improvements including assistance to Community Development Corporations. This financing will primarily benefit low- and moderate-income persons by providing affordable housing of which low- and moderate-income households will occupy 51 % of the housing structures.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2005	East Jackson Redevelopment Project	TN	Jackson	Economic Development	On May 4, 2003, the City of Jackson was struck by two tornadoes that destroyed numerous businesses in the downtown and many homes and neighborhood stores in the East Jackson community, a distressed neighborhood contiguous and east of the Central Business District. Jackson will use its Section 108 Guaranteed Loan funds in conjunction with city funds and $955,000 in federal disaster assistance funding for carrying out a community economic development project in East Jackson as part of its Disaster Recovery Strategy. The City will use $2,500,000 in guaranteed Loan proceed to capitalize a business loan fund and a commercial real estate loan fund that are expected to stimulate new investment in East Jackson. The guaranteed loan funds will be granted to the Jackson Housing Authority, which will administer the business loan funds for the City. The loans will be primarily for neighborhood retail and service businesses, which will benefit low- and moderate-income persons through job creation and by providing needed goods and services. Another component of the community economic development project is in the Anderson Creek area of East Jackson. The City residents of the Anderson Creek will relocate to a new area called Centennial Place II in East Jackson, which is not as vulnerable to flooding. Section 108 loan funds will finance the acquisition of real estate, site improvements, housing rehabilitation, and partially bridge the financing gap for the construction of 25 new housing units at the new site. Fifty-one percent of the housing units will be available to low and moderate-income households.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2005	Capital Improvements Project	TX	San Antonio	Economic Development	San Antonio will use its $57,000,000 Section 108 Guaranteed Loan proceeds for a Comprehensive Infrastructure Improvement Strategy in designated low and moderate-income areas in the City. Such infrastructure improvements will include street and drainage repairs, park development, and improvements to health, recreation, literacy, and social service facilities in all 10 city council districts. These City's infrastructure improvements will meet the Community Development Block Grant criteria for national objectives by providing benefits to areas where at least 51% of the residents are low and moderate-income persons.
2005	Milwaukee Road Shops Project	WI	Milwaukee	Economic Development	Milwaukee will use its Section 108 Guaranteed Loan to finance the redevelopment of a 140-acre, former Milwaukee Road Railroad Shops ("the Shops") site. This site is in the Brownfields Showcase Community, an EDA Special Impact Area, and is designated a Milwaukee Renewal Community, and a Wisconsin Development Zone. Redevelopment will include site clearance, remediation, filling, and preparation, including the installation of interior roads and site utilities, removal of soil and groundwater contamination as well as six miles of contaminated relic brick sewers. The redeveloped site will be a model urban industrial park composed of approximately 62 – 70 acres, which will be sold in developable parcels to private industrial users who will construct approximately 1.2 – 1.3 million square feet of light industrial space and provide approximately 1,830 new jobs, 51% of which will be available to or held by low and moderate-income persons. The City will retain approximately 30 acres for natural plantings, swales and other landscape designs that will provide the "green infrastructure" for managing all storm water on site and converting it from a waste product into an amenity. Another 38 acres across the river has been determined not cost effective to redevelop into Industrial space but will provide community benefits such as natural area, improved access to the natural river edge (Menomonee River), playing fields, and the Hank Aaron state bike trail.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2005	Amelia Sector Public Improvement	PR	Guaynabo	Public Facilities	Guaynabo will use its Section 108 Guaranteed Loan to undertake a public improvements project in the Amelia sector, and a portion of the Jerusalem sector in the Pueblo Viejo Ward of Guaynabo. The improvements will include storm and sanitary sewer systems, streets, sidewalks, curbs, and gutters. Approximately 12,869 square meters of asphalt will be removed and 17,570 square meters will be repaved; 3,473 lineal meters of sidewalks will be demolished and constructed; 2,294 lineal meters of curbs, 18 meters of gutters and 300 square meters of entrances will be installed. The sanitary sewer system improvements include the removal of 360 lineal meters of existing pipes and the installation of 2,577 lineal meters of 8” sewer lines, 49 manholes and 225 lot connections, which involves the installation of 1102 meters of pipelines and 33 inlets. The project will benefit low- and moderate-income families in the Pueblo Viejo Ward which, which is a primarily residential area with a total population of 5944. More than 51% of the residents are low- and moderate-income households.
2005	Treasure Island Hotel (Phase 2 & 3)	PR	Cidra	Economic Development	Cidra will use the Section 108 Guaranteed Loan to fund the renovation of the Treasure Island Hotel complex in the Bayamón Ward and construction of complimentary facilities. The project will include the purchase/construction of sixteen (16) cabins, a bar, access control station, lead and asbestos removal, machinery and equipment, air conditioning, and recreational facilities including a swimming pool, basketball court, tennis court, gazebos, and a bicycle rent station. The City owns the project site and will operate the complex as a tourist facility, but lease related entertainment facilities to private sector operators. This Phase 2 & 3 of the project is expected to create 57 additional job opportunities, 51% of which will be held by, or will be available to, low- and moderate-income persons.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2005	Dart Development Project	CA	Los Angeles	Economic Development	Los Angeles County will use its Section 108 Guaranteed Loan in conjunction with a $1,000,000 Economic Development Initiative Grant to partner with the City of Commerce to assist the expansion of Dart Entities, Inc. in the City's Industrial center. The Dart projects will include the construction of a custom refrigerated food processing building that will be leased to Contessa Food, a seafood processor; and the purchase of an 175,000 square food building to be leased to Huhtamaki Consumer Packing West, Inc. These projects will create an estimated 340 jobs, 51% of which will be available to low and moderate-income persons. The project's total redevelopment will cost an estimated $28,016,124.
2005	Head Start Park-Village of Spring Valley	NY	Orangetown	Public Facilities	Rockland County will use this Section 108 Guaranteed Loan to provide financial assistance to assist Camp Venture, Inc., a non-profit, developmental disabilities Corporation, with the acquisition and renovation of an existing building in the Town of Orangetown. A 6,300 square foot building will be used by Camp Venture as a Day Treatment Program for forty adults with severe developmental disabilities as defined by the National Census Bureau standards. The New York State Office of Mental Retardation and Developmental Disabilities will certify Camp Venture's program. Rockland County's assistance to Camp Venture is an activity that directly benefits severely disabled persons that are generally presumed to be low and moderate income persons under the Community Development Block Grant program.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2006	Tinkers Creek Commerce Park	OH	Bedford	Economic Development	Cuyahoga County will make a loan of its $4,000,000 in its Section 108 Guaranteed Loan proceeds to 200 Egbert Road, Limited Liability Corporation (LLC), a for-profit affiliate of Hemisphere Development LLC, a for-profit entity for the 1) remediation and site preparation of a vacant 50-acre industrial property and the 2) construction of a 100,000 square foot office/warehouse complex on a 10-acre parcel within this industrial site. 200 Egbert Road, LLC will remediate 40 of the 50 acres that are contaminated with oil, copper powder, iron oxides, and ammonia. The 50 acre site is in the City of Bedford, located in the southeastern part of the County. This 10 acre commercial project is part of the larger Tinkers Creek Commerce Redevelopment, which will be comprised of 400,000 square feet of new office and commercial/industrial space. In conjunction with the Section 108 Guaranteed Loan, the County will grant $2,000,000 in Brownfields Economic Development Initiative (BEDI) funds from the 2004 fiscal year towards the establishment of a debt service reserve, environmental remediation, and construction of site infrastructure. The total cost of the project is $15,604,342. The Community Development Block Grant (CDBG) national objective for the County's use of the guaranteed loan funds for special economic development assistance to a for profit entity is to benefit low-moderate income persons through job creation. The 10 acre commercial project that 200 Egbert Road, LLC will carry out will cause the creation of an estimated 172 new full-time jobs. The larger Tinkers Creek Commerce Redevelopment project, which includes this project, will cause the creation of an estimated 500 new full-time jobs. The County will repay its Section 108 Guaranteed Loan over a nineteen-year period, paying interest only for the first four years. 200 Egbert Road, LLC will use project lease revenues to repay its loan from the County. As security for the repayment of its Section 108 Guaranteed Loan, the County pledges its interest in its third-party loan to 200 Egbert Road, LLC which will be secured by a first lien position on the forty-acre site, as well as a second lien position on the Project's 100,000 square foot office/warehouse space complex. As part of the additional loan security for the County's Section 108 Guaranteed Loan, the County will also assign to HUD a corporate guarantee from 200 Egbert Road LLC, for the 10-acre project cash flow, in the event that operating expenses exceed operating revenues any time during any operating year (s). The County also pledges its CDBG funds as security for repayment of its Section 108 Guaranteed Loan.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2005	Reading Regional Airport Industrial Park	PA	Reading	Economic Development	Berks County will use the Section 108 guaranteed loan to develop a 150-acre site known as "Section III" of the Reading Regional Airport Industrial Park. This section of the industrial park will be sub-divided into at least 10 sites and sold to business for commercial development. This phase of the industrial park development includes acquisition of the site, demolition of existing buildings, relocation of residential and business tenants, and installation of public improvements such as water and sewer lines, and roads. The 10 development sites will cause the creation of an estimated 100 new jobs, of which 51% of the new jobs will be held or made available to low- and moderate-income persons.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2006	Penn Avenue Redevelopment	PA	Berks County	Economic Development	The County of Berks has designated the Berks County Redevelopment Authority (RDA) to be the borrower of the Section 108 Guaranteed Loan. The RDA, in conjunction with the Borough of West Reading will revitalize commercial development and improve the downtown section of the Borough through the acquisition and demolition of an under utilized hotel located at 250 Pennsylvania Avenue. The cleared site will be sold to a developer who plans to build a 30,000 square foot office building. The West Reading Planning Commission and the County of Berks have officially designated the Penn Avenue Redevelopment Area as a slum, blighted, deteriorated or deteriorating area pursuant to the Pennsylvania "Urban Redevelopment Law" Act of 1945. The project will create an estimated 60 new full-time jobs. The RDA will use the Section 108 Guaranteed Loan for the acquisition, relocation, demolition and clearance costs. In conjunction with the guaranteed loan funds, the RDA will utilize $750,000 in Community Development Block Grant (CDBG) funds, $1,250,000 in Business In Our Site funds, $1,000,000 in Hometown Streets funds, and $500,000 in Department of Community & Economic Development funds for a total project cost of $5,000,000. The CDBG national objective for the RDA's use of the guaranteed loan funds is to aid in the eliminations of slums or blight on an area basis. The RDA will repay the Section 108 Guaranteed Loan over a twenty-year period, paying interest only for the first four years. The RDA will use increased tax revenue from the County's Tax Increment Financing (TIF) district for this redevelopment area to repay the guaranteed loan. If these revenues are insufficient, the County will use its CDBG funds. To secure repayment of the guaranteed loan funds, the RDA pledges a first lien position on the real property and 51% of the of the estimated, annual increased tax revenue. The County also pledges its CDBG funds to secure the repayment of the Section 108 Guaranteed Loan.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2005	Nicolet Property Project	PA	Montgomery County	Economic Development	Montgomery County will use its Section 108 Guaranteed Loan to fund the redevelopment of the Nicolet Property, a 7.65-acre site, which is a former asbestos manufacturing facility in the Norristown Redevelopment area along the Schuylkill River. The facility has been abandoned since 1988 and has deteriorated into a hazardous and dilapidated structure. The site is also within a Pennsylvania Enterprise Zone and Keystone Opportunity Zone. The County's Guaranteed Loan will assist in financing a for-profit developer to clean the site and develop 120,000 square feet of light industrial/commercial space. The project will create an estimated 130 new full-time jobs of which at least 51% of jobs will be held by or made available to low- and moderate-income persons.
2005	North Cameron Street Redevelopment	PA	Harrisburg	Economic Development	Dauphin County and the City of Harrisburg will use their Section 108 Guaranteed Loans to make a single loan to Cameron Real Estates, Limited Partnership to redevelop 1000 North Cameron Street, a 10.42-acre site in the City of Harrisburg's Federally designated Enterprise Community and state Enterprise Zone. A former steel manufacturing facility on the site was heavily damaged by Hurricane Agnes in 1972 and subsequently demolished. The developer will construct a 500,000 square foot building with 400,000 square feet of offices and manufacturing space, which will be leased to Advanced Communications Agency, Inc. (ACA). The remaining 100,000 square feet will be leased to other small businesses. This new commercial space will cause the creation of an estimated 265 new full-time jobs for ACA and an additional 150 new full-time jobs by other commercial tenants of leased space. At least 51% of the estimated new jobs will be held by or made available to low and moderate-income persons.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2005	Greenbridge Community Redevelopment	WA	King County	Housing	King County will use the Section 108 Guaranteed Loan in conjunction with state funds, Federal Homeland Bank funds, and Community Development Block Grants to finance the removal of all of the existing housing structures in the Park Lake public housing complex, replacement of most of the infrastructure, and construction of approximately 1,025 units of housing and related community facilities. The new complex will be built using environmentally friendly, or "green," construction practices. The project is in the Greenbridge unincorporated area of the County. The King County Housing Authority (KCHA) will be the land developer for the entire project as well as the general partner for 653 multi-family housing units including 372 single-family lots to be sold to homebuilders. The KCHA will also relocate the White Center Food Bank to a new facility at the White Center Public Health Clinic as part of the project allowing it to continue to serve the new development in Greenbridge as well as the surrounding low-income neighborhood of White Center. The use of the Section 108 Guaranteed Loan for the public site improvements and construction of the White Center Public Health Clinic will benefit all residents of Greenbridge as well as the surrounding area, whose residents are 88 % low- to moderate-income persons.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2006	Philipsburg Industrial Park	NJ	Philips-burg	Economic Development	The Town of Philipsburg, NJ will provide financial assistance to Preferred Real Estate Investment, Inc., a for profit Developer, for the redevelopment of a former Ingersoll Rand property into a light manufacturing industrial park, which is to be called Philipsburg Industrial Park. The redevelopment includes the acquisition of the 137-acre brownfield site, rehabilitation of the existing 625,000 square feet of plant facilities, environmental remediation, construction of a 1 mile, four lane connector road linking Route 22 to the park, upgraded utilities, extension of rail spurs for loading/unloading truck freight, and construction of up to 1 million square feet of light industrial space including warehousing and distribution facilities. The redevelopment will occur in six phases. Phases one and two will consist of the redevelopment of existing plant facilities for reuse as manufacturing space, resulting in the creation of an estimated 208 new full-time manufacturing jobs, and the construction of the connector road. In the remaining four phases, the rest of the site will be divided into eleven lots ranging in size from two to twenty-five acres for development, which will cause the creation of an estimated additional 1,500 new full-time jobs. Also, the Developer will donate six acres to the Philipsburg Housing Authority for the development of a public recreation center. The Town will use the Section 108 Guaranteed Loan proceeds to fund the construction of the 1 mile, four lane connector road, which will extend from Route 22 to the industrial park. The road will be the main transportation route into the park and will not pass through any residential neighborhoods. The Town will use $500,000 from a 2000 fiscal year Brownfields Economic Development Initiative (BEDI) grant awarded to the Town by HUD to repay the interest on its guaranteed loan. The total project cost is an estimated $28,256,650. The Community Development Block Grant (CDBG) national objective for the Town's use of its guaranteed loan funds is to benefit low-moderate income persons through job creation. The project will create an estimated 1,700 new full-time jobs. The Town will repay the guaranteed loan over a 20-year period, paying interest only for the first two years. To secure repayment of the guaranteed loan, the Town pledges an assignment of a special assessment tax imposed on the Developer in an amount sufficient to pay the obligation on its Section 108 Guaranteed Loan. In the event the taxes are not paid according to the terms of the agreement, the Town will place a tax lien on the property. Also, since the Town is a non-entitlement community which receives its CDBG funding from New Jersey's state CDBG allocation, New Jersey has certified to HUD that it will pledge its CDBG funds as security for the repayment of Philipsburg's Section 108 Guaranteed Loan.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2006	Tourist Villa Hotel Facility	PR	Camuy	Economic Development	The Municipality of Camuy will finance the construction of a Tourist Villa Hotel facility which will include twenty villas containing eighty short-term hotel rental rooms, and a main building with a lobby, front desk, reservation office, convenience stores, parking facilities and other recreational facilities. The project will be developed on approximately seven acres of land owned by the Municipality located in a rural area of the Municipality known as the Yeguada Ward. The Section 108 Guaranteed Loan will be used to fund the construction of the Tourist Villa Hotel facility in its entirety. The Community Development Block Grant (CDBG) national objective for the Municipality's use of the guaranteed loan is to benefit low-moderate persons through the creation of jobs. The project will create an estimated 104 new full-time jobs. The Municipality will repay the guaranteed loan over a twenty-year period, paying interest only for the first two years. To secure repayment of the guaranteed loan funds, the Municipality pledges a first lien position on the seven-acre project site and Villa Hotel, as well as its CDBG funds.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2006	Municipal Activity Center	PR	San Lo-rezno	Public Facilities	The Municipality of San Lorenzo will finance the site acquisition and construction of a Municipal Activity Center, located along the Municipality's Jose de Diego Street. The project will be a 72,000 square foot, two-story building including twelve movie halls, a thirty two lane bowling alley which includes a snack bar and an internet café, a fast food alley, 4,265 square feet of retail space, 720 parking spaces, and administrative and storage areas. The Section 108 Guaranteed Loan will be used for the acquisition of the land, for the construction of the center, and for related site improvements. In conjunction with the Section 108 Guaranteed Loan, the Municipality will also use $300,470 in Municipal Funds for a total project cost of $6,300,470. The Community Development Block Grant (CDBG) national objective for the Municipality's use of the guaranteed loan funds is to benefit low-moderate income persons through job creation. The project will create 184 new full-time jobs. The Municipality will repay the Section 108 Guaranteed Loan over a 20-year period, paying interest only in the first three years. The Municipality will use project revenues to repay the guaranteed loan. Any deficiencies in project revenues for debt service in early operation of the center will be paid by the Municipality. To secure repayment of the guaranteed loan, the Municipality pledges a first lien and assignment of rents on the Municipal Activity Center. Also, since the Municipality of Lorenzo is a non-entitlement community which receives its CDBG funding from the Commonwealth of Puerto Rico's CDBG allocation, the Commonwealth has certified to HUD that it will pledge its CDBG funds as security for the repayment of Municipality's Section 108 Guaranteed Loan.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2006	Sports and Entertainment Center	PR	Maunabo	Public Facilities	The Municipality of Maunabo will construct a Sports Court and Entertainment Center on a 2.92-acre lot located within the Municipality's Sports Complex. The project involves demolishing the existing track and soccer field and constructing the 34,555 square foot Center, which will include a lobby, ticket booths, concession areas, conference areas, restrooms, dressing rooms, removable stage and bleachers, a maintenance room, and outdoor recreational space. The Center will have a seating capacity of 2,500 and be used for recreational and entertainment purposes. In addition, the existing parking will be increased from 90 parking spaces to 500 parking spaces. The Municipality will utilize the Section 108 Guaranteed Loan to assist with the construction costs of the project and to create a debt service reserve. In conjunction with the Section 108 Guaranteed Loan, the Municipality will also utilize $1,500,000 of its own funds for a total project cost of $4,500,000. The Community Development Block Grant (CDBG) national objective for the Municipality's use of the guaranteed loan proceeds is to benefit low-moderate income persons on an area basis and through job creation. The center will serve the entire Municipality, which has a low-moderate income population of 67.3% and it will create 15 new full-time jobs. The Municipality will repay the guaranteed loan over a twenty-year period, paying interest only for the first two years. The Municipality will use Section 108 proceeds from the debt service reserve for interest payments, and CDBG funds from the Commonwealth of Puerto Rico to repay the guaranteed loan. To secure repayment of the guaranteed loan, the Municipality will provide a sole first priority lien on the center and the Commonwealth of Puerto Rico's will pledge its CDBG funds, since Maunabo is a CDBG non-entitlement entity that receives CDBG funding from the Commonwealth.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2006	Globe Mills Project	CA	Sacra-mento	Housing	The Sacramento Housing and Redevelopment Agency (SHRA) and GMA Investors, Limited Partnership (LP), will redevelop the 1.2-acre Globe Mills factory site and its historic mill buildings into a mixed income, rental residence of market-rate and affordable senior housing units. Fires in 1994 and in 1995 have destroyed the site, as well as vandalism. The redevelopment plan is to rehabilitate and convert two mill buildings into 31 loft-style apartments and to build two new buildings which will contain 112 units of affordable senior housing. The new housing will be owned and operated by GMA Investors LP after completion. This project is a part of the Alkali Flat Redevelopment Project which will redevelop 79 acres of the City's historic Alkali Flat district to create opportunities for job growth through commercial development and housing for the District's residents. The SHRA will use the $5,500,000 Section 108 Guaranteed Loan, under a contract agreement with the City, to refinance a portion of GMA's private construction loan which will finance the rehabilitation of the two mill buildings. GMA will utilize other public/private resources to construct the senior affordable housing. The City of Sacramento will give the SHRA $2,000,000 in Brownfields Economic Development Initiative (BEDI) grants to pay off a portion of the construction loan that GMA will use to finance costs related to the housing rehabilitation. The total cost of the project is $28,421,000. The Community Development Block Grant (CDGB) national objective of the City's use of its guaranteed loan proceeds is to benefit low-moderate income persons through the provision of affordable housing. The City plans to repay back the Section 108 Guaranteed Loan over a twenty-year period utilizing tax increment revenues from the City's Aggregated Housing Set-Aside Fund. To ensure the repayment, the City will assign to HUD its interest in its conditional loan to GMA, which will be secured by a second-lien position on the Site. The City will also secure repayment by pledging its CDGB funds.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2007	Oxford Plaza & David Brower Center	CA	Berkeley	Economic Development	Oxford Street Development, LLC, which is composed of the non-profit housing developer, Resources for Community Development, and the David Brower Center, Inc., will acquire a 46,000 square foot, city owned site in the City's central business district. The developer will construct a mixed use complex, which will include a 105 space underground parking garage on top of which will be a mixed-use condominium development consisting of affordable housing, retail and commercial space. To provide needed financial assistance for this economic development project, the City will make re-lend the Section 108 proceeds to the developer and provide BEDI grant funds. One of the mixed-use components of the this development complex will be Oxford Plaza, which will be a six-story complex containing 41 spaces of ground-level parking, 8,100 square feet of first floor retail space and 97 units of affordable housing on the upper five floors. Another mixed-use component will be the David Brower Center, which will consist of 33,000 square feet of office space for non-profit organizations, a 7,400 square foot auditorium and conference center and a 3,000 square foot restaurant. After project completion, the developer will convey the underground parking garage to the City for owning and operating. Other funding for this economic development project will include New Market Tax Credit equity of approximately $10,518,000, private bank financing of $3,200,000, charitable contributions of $11,717,000 and other loans of $4,000,000 for a total project cost of approximately $35,253,000. The Community Development Block Grant (CDBG) national objective for the City's use of guaranteed loan funds is to benefit low-moderate income persons through job creation. The project will create an estimated 120 new full time or equivalent jobs of which at least 51% will be held by or available to low-or moderate-income persons. The City will repay the Section 108 Guaranteed Loan over a 20-year term and pay interest only for the first seven years. This interest only period is structured in support of the New Market Tax Credit equity funding, which requires that all the funds remain invested in the Qualified Low Income Community Business for seven years. The City will use revenues from the developer to repay its guaranteed loan. To secure repayment of its Guaranteed Loan, the City pledges its CDBG funds, its interest in the loan to the developer, which is secured by a shared first deed of trust on the David Brower Center, and a sole first deed of trust on other real property in the mixed use development.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2006	Hygiene Center-Homeless Community Center	CA	Santa Cruz	Public Facilities	The City of Santa Cruz and the Homeless Services Center (HSC) will combine funding assistance to rehabilitate the Homeless Community Resource Center (HCRC) located on the Homeless Services Center campus. The City will finance the renovation of the showers, bathrooms, and locker areas of the hygiene facility located on the ground floor of the HCRC, as well as the existing mezzanine area above the hygiene facility to create a 42-bed year round homeless shelter, the first of its kind in the City. The City owns the HCRC building and leases it to HSC to provide services and assistance to homeless persons in Santa Cruz. The City will grant the Section 108 Guaranteed Loan to the HSC to complete the renovations. The Community Development Block Grant (CDGB) national objective for the City's use of its guaranteed loan proceeds is to benefit a low-moderate income limited clientele (the homeless population of the City of Santa Cruz, CA). The City will repay the Section 108 Guaranteed Loan over a four year period using a portion of its annual CDBG funds. To secure repayment of the guaranteed loan proceeds, the City pledges a second lien on the project site and its CDBG funds.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2006	Mill Creek South Mixed-Use Project	CA	Bakersfield	Economic Development	The City of Bakersfield has designated the Bakersfield Redevelopment Agency (BRA), under the Section 108 Loan Guarantee Program to be the public agency that will be the Borrower of the Section 108 Guaranteed Loan. The BRA will enter into a partnership with the Lenaar Corporation to develop 65,000 square feet of retail space and 100 units of affordable rental housing on an 8-acre site. The current site is contaminated by a former auto wreckage yard, abandoned commercial buildings, and old underground fuel tanks. The BRA already owns 5.5 acres of the site and will use Section 108 guaranteed loans to acquire the remaining 2.5 acres. A Brownfields Economic Development Initiative (BEDI) grant of $750,000 will be used in conjunction with the BRA guaranteed loan to acquire the site and to aid in the relocation of existing businesses. The Lenaar Corporation, as project developer, has arranged approximately $15,000,000 in private financing commitments and will invest approximately $4,900,000 in equity funds for project funding. The project will cost $33,364,000. The Community Development Block Grant (CDBG) national objective for the City's use of its guaranteed loan funds is to benefit low-moderate income persons through the provision of affordable housing and job creation. The project will create approximately 156 new full-time jobs. The BRA will repay the Section 108 loan on a twenty-year plan using tax increment revenues from the Southeast Bakersfield Redevelopment Project Area, making only interest payments for the first two years. The BRA will pledge these same revenues as security for repayment of the guaranteed loan. The City of Bakersfield has also pledged its CDBG funds for repayment of its Section 108 Guaranteed Loan.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2007	The Lanzit Industrial Park	CA	Los Angeles	Economic Development	The City of Los Angeles will re-lend the Section 108 proceeds to the Seventh Street Development Corporation and Lanzit BP, LLC for The Lanzit Industrial Park Project, a 9.02-acre brownfields site redevelopment located in the Watts area of Los Angeles. The City currently owns the site targeted for redevelopment and has selected the developers through a public Request-For-Proposal process. The City is finalizing a Sales and Development Agreement (SDA) with the developers, under which the developers will acquire the site using company equity. The developers will then construct approximately 168,000 square feet in a series of six to nine industrial buildings ranging from 9,500 to 34,000 square feet. The developers will use the Section 108 Guaranteed Loan to finance the project's construction costs. They will also utilize $950,000 in BEDI grant funds for site remediation. The Section 108 and BEDI grant funds will be provided in conjunction with approximately $4,000,000 in Community Development Block Grant (CDBG) funds, $700,000 in City funds, $4,400,000 in developer equity and $8,900,000 in tenant and private financing for a total project cost of approximately $24,500,000. The CDBG national objective for the City's use of guaranteed loan funds is to benefit low-moderate income persons through job creation. The City estimates that the project will create 304 full time or equivalent jobs of which at least 51% will be held by or available to low-or moderate-income persons. The City will repay the Section 108 Guaranteed Loan over a 20-year period, paying interest only for the first two years. Project revenues will be used to repay the guaranteed loan. To secure repayment, the City pledges its future CDBG funds and interest in the third-party loan to the developers, which will be secured by a second deed of trust on the project's land and improvements.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2006	Castle Park Capital Improvements	CA	Chula Vista	Public Facilities	The City of Chula Vista will utilize a Section 108 Guaranteed Loan to finance the installation of new curbs, gutters, sidewalks and streetlights along seven streets in the Southwest area of the City in the Castle Park neighborhood. This neighborhood and service area are primarily residential and are comprised of 64% low-moderate income persons. The guaranteed loan will be used in the design and construction of these improvements. The total cost of the project will be $9,571,250. The Community Development Block Grant (CDGB) national objective for the use of the City's guaranteed loan funds is to benefit low-moderate income persons on an area basis. The City will repay its Section 108 Guaranteed Loan over a twenty-year period using $1,950,000 in special assessments and CDBG funds for the guaranteed loan repayment. Also, the City has authorized the use of monies from its General Fund in case its CDBG entitlement amount is insufficient to pay annual debt service. In order to secure the repayment of its Section 108 Guaranteed Loan, the City will also grant a first lien position on two pieces of real property, with an appraised value of $9,900,000. Also, the City is pledging its CDBG funds.
2005	Partridge Inn Project	GA	Augusta	Economic Development	Augusta will use the Section 108 Guaranteed Loan to make a loan to Walton Way Hotel, LLC , the Developer, to assist in financing the renovation of the historically registered Partridge Inn, in the City's historic Summerville neighborhood. The hotel was built in 1861. Renovations will consist of remodeling of the guestrooms, replacement of walls in the Hotel's interior, and enhancement of the Hotel's exterior architecture and façade. The Developer will reduce the number of hotel' guestrooms from 156 to 132, in order to enhance the size of each guestroom. The City expects that the newly renovated Partridge Inn will cause the creation of 53 permanent full-time jobs, 51% of which will benefit low and moderate-income persons.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2005	Studebaker/Oliver Redevelopment Project	IN	South Bend	Economic Development	South Bend will use the Section 108 Guaranteed Loan in partnership with South Bend Redevelopment Commission (SBRC) to complete an 82-acre, former Studebaker/ Oliver industrial site for redevelopment into over 1,000,000 square feet of commercial, warehouse, and industrial space. The site is located in an impoverished area of the City. To date, the SBRC has utilized $3,405,000 from a previous Section 108 Guaranteed Loan toward acquisition and demolition of the Site's first 35 acres, which comprised 913,000 square feet of obsolete building space. The SBRC will utilize the current Section 108 Guaranteed Loan to acquire the Site's remaining 47 acres and provide relocation assistance to the Site's remaining businesses, which will move to prepared parcels within the Site. The SBRC will then demolish the Studebaker plant's obsolete structures, comprising over 1,100,000 square feet in total building space. Once demolition is completed, the SBRC will prepare the 47 acres through construction of streets and other public infrastructure and dispose of parcels within the Site to private users. The City expects to complete these, The City expects this Project to cause the creation of a minimum of 100 permanent jobs in the short term and upon Project completion to cause the creation of approximately 2,500 new jobs of which at least 51% will be available to or held by low and moderate-income persons.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2006	Nonpareil Building Renovation	IA	Council Bluffs	Economic Development	The City of Council Bluffs will provide financing assistance through a New Market Tax Credit (NMTC) structure to J-Development of Omaha, NE, Limited Partnership (LP), the developer, for acquiring the Nonpareil Building and renovating it to create a new 13,100 square foot office building for the Council Bluffs Savings Bank. The renovations will restore the building to complement the other renovations occurring in the downtown Central Business District and the downtown urban renewal area. J-Development of Omaha, NE, LP, will use the New Market Tax Credits (NMTC) as a source of equity funding for the project. The City will re-lend the Section 108 Guaranteed Loan proceeds to the Pottawattamie County Development Corporation (PCDC) which will in turn combine the loan with $750,000 in NMTC equity. The PCDC will form a Community Development Entity (CDE) and invest the guaranteed loan financing and NMTC funds into the CDE as equity. The CDE will use the equity monies to make a loan to J-Development, NE, LP, for the acquisition, improvement and renovation of the building. The total project cost is $2,632,300. The Community Development Block Grant (CDBG) national objective for the City's use of its guaranteed loan proceeds is to benefit low-moderate income persons through the creation of 15 new full-time jobs. The City will repay its Section 108 Guaranteed Loans over an eight-year period, paying interest only for the first seven years. To repay the guaranteed loan, the City will use J-Development, NE, LP rent revenues from the Nonpareil Building and the City Tax Increment Financing revenues. To secure the repayment of the guaranteed loan, the City pledges the tax increment financing from the downtown urban renewal district and its CDBG funds.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2006	Business Recovery Loan Fund	LA	New Orleans	Economic Development	The City of New Orleans and its Business Recovery Loan Fund (BRLF) Agency will create an economic development business recovery loan fund to assist existing small businesses recover from hurricane Katrina. Loans ranging from $25,000 to $3,000,000 will be provided to businesses to carry out a variety of activities, which include, but will not be limited to acquisition of real property, rehabilitation, construction, acquisition and/or repair of machinery and equipment, inventory, and working capital. The loan fund will be administered by the BRLF Agency and jointly supervised by the Mayor's Office of Economic Development and Neighborhood One. All potential business borrowers will be required to submit an application for assistance to the loan review committee of the BRLF Agency. The BRLF Agency will use Section 108 funds to purchase bank loans made to business borrowers by third party banks to relieve some of the repayment pressure on the borrowers incurred from these acquired loans.The Community Development Block Grant (CDBG) national objective is to benefit low- and moderate-income persons through job creation and retention. This lending activity will create an estimated 250 full-time jobs and the City will require each business borrower to create or retain one full-time equivalent job for every $50,000 in CDBG assistance it receives.The City will repay the Section 108 Guaranteed Loan over a twenty-year period, paying interest only for the first five years. The City will use payments from the business borrowers to repay the loan. To secure repayment of the guaranteed loan, the City has pledged its interest in the third party loans secured by liens on real estate, machinery and equipment, and in some case personal guaranties, as well as its CDBG funds.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2007	Dudley Executive Plaza	MA	Boston	Economic Development	The City of Boston is collaborating with the Boston Redevelopment Authority (BRA) to redevelop the former Modern Electroplating facility and the abandoned Roxbury Children Services building. Upon completion of the site assembly and preparation by the BRA, the City will purchase a portion of the assembled site for the development of a $20 million Roxbury police precinct. The remaining portion of the redeveloped Modern Electroplating facility will be used for 60,000 square feet of retail spaces and a 500 car parking garage. The BRA will use the Section 108 Guaranteed Loan for soil remediation, building demolition and site assembly costs. $1,750,000 in BEDI grant funds will also be used as a funding source where a portion of the grant funds will be used to pay interest on the Section 108 guaranteed loan. The Section 108 and BEDI grant funds will be provided in conjunction with New Market Tax Credit equity of approximately $5,000,000, Mass Development Brownfields funding of $2,000,000, developer equity of $3,075,000 and other private bank financing of $8,395,000 for a total project cost of $25,270,000. The Community Development Block Grant (CDBG) national objective for the City's use of guaranteed loan funds is to provide area benefit to low-moderate income persons. The City estimates that 9,951 low-to moderate-income persons are located in the service area, equating to $683.35 of public benefit per low-and moderate-income person. The City will repay the Section 108 Guaranteed Loan over a 20-year period and pay interest only for the first eight years. Project revenues from the development will be used to repay the guaranteed loan. To secure repayment, the City pledges its future CDBG funds and a lien on the developed property.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2006	Woodward Garden Block	MI	Detroit	Economic Development	The City of Detroit in collaboration with the for profit developer, Woodward SA-Ventures, Limited Liability Corporation (LLC), will redevelop eight parcels of blighted property into a mix complex of commercial/retail space, office space, a rehabilitated dinner theater, and parking spaces. Woodward SA-Ventures, LLC, mixed use development will include a rehabilitated 5,400 square foot restaurant and the historic 22,080 square foot Garden Theater, as well as the redevelopment of five of the eight parcels into 61,625 square feet of retail and office space, and a 413-space parking garage with 12,672 square feet of ground floor commercial/retail space. The City will re-lend the proceeds of its Section 108 Guaranteed Loan to Garden Block Investment, LLC, an upper-tier investment entity that will leverage $7,497,000 in New Markets Tax Credit (NMTC) funding. The Garden Block Investment, LLC will invest the guaranteed loan proceeds and the NMTC funding as equity into New Markets Investment, LLC, a Community Development Equity (CDE). The CDE will use this equity funding to make an investment (a loan) in Woodward SA-Ventures, LLC for financing the mixed use redevelopment of the Woodward Garden Block, the Qualified Low-Income Community Business (QLICB). The total cost of the project will be $31,810,044. The Community Development Block Grant (CDBG) national objective for the City's use of the guaranteed loan proceeds for special economic development assistance to a for profit developer is to benefit low-moderate income persons through job creation. The redevelopment will create an estimated 390 new full-time jobs, of which at least 51% of the new jobs will be held by or made available to persons of low-moderate income. The City will repay its Section 108 Guaranteed Loan over a twenty-year period, paying interest only for the first seven years, since the CDE must invest all the NMTC equity in the QLICB for seven years, as required by the U.S. Department of Treasury. As security for the repayment of its Section 108 Guaranteed Loan, the City pledges its interest in its third-party loan to Garden Block Investment, LLC, which will pledge its partnership interests in the CDE. At the end of the seven years, the CDE will terminate and assign its first lien position on the completed site by Woodward SA-Ventures, LLC. As part of the security for the repayment of the Section 108 Guaranteed Loan, the City also pledges its CDBG funds.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2006	Westin Book Cadillac Hotel	MI	Detroit	Economic Development	The City of Detroit Downtown Development Authority (DDA) will provide financial assistance to The Cadillac Development Company, a for profit Limited Liability Corporation (The Developer), for the redevelopment of the Book Cadillac Hotel, located in the central business district of the City. The site is in the City's federally designated Empowerment Zone. The project will consist of redeveloping the Book Cadillac Hotel into a mixed-use site consisting of a hotel/retail component, a residential component, and a parking garage. The hotel/retail component will consist of a 455 room Westin Hotel which will include a 31,000 square foot conference center, a fitness facility, and 119,000 square feet of retail and restaurant space on the street level. The residential component will consist of 67 units of market-rate condominiums built on the upper levels of the structure. These components are to be owned by The Cadillac Development Company, LLC, which is owned by JTMK-Cadillac, Ltd. The DDA will build and operate a 550 space parking garage with 100 spaces designated for residential use. The City will re-lend the proceeds of its Section 108 Guaranteed Loan to The Cadillac Development Company, LLC to assist in financing only the construction of the hotel component of the project. Other sources of funding committed to the project funding include a $50,000,000 mortgage from I-Star Financial and $20,750,200 from investors in Federal Historic Tax Credit equity. The total project cost is estimated to be $168,125,112. The Community Development Block Grant (CDBG) national objective for the City's use of the guaranteed loan funds for special economic development assistance to a for profit entity is benefit to low-moderate income persons through job creation. The project will create an estimated 400 to 450 new full-time jobs of which at least 51% will be available or held by low-moderate income persons. The City will repay its Section 108 Guaranteed Loan over a twenty-year period, paying interest only for the first five years. The source of the City's payment of debt service for its guaranteed loan will be revenues from the project Developer generated by income from the hotel portion of the redeveloped building. In order to secure the repayment of the guaranteed loan, the City pledges its interest in its third party loan to the Developer, which will be secured by a second lien on the hotel portion of the redevelopment. Also, as security for the guaranteed loan repayment, the City pledges its CDBG funds.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2006	Fort Shelby Hotel	MI	Detroit	Economic Development	The City of Detroit will provide financing to FS Hotel, a for profit Limited Liability Corporation (LLC), which is being created by MCP Development Inc. and RSC & Associates, for the acquisition and renovation of the 337,000 square foot Fort Shelby Hotel, a vacant, blighted structure which is on the National Register of Historic Places. FS Hotel, LLC, will use the City's loan to finance the redevelopment of the existing structure into a 204 room Doubletree Guest Suites Hotel, a 38,000 square foot conference center, 1,200 square feet of retail space, and 97,586 square feet for 63 market-rate residential units. Also, an adjacent obsolete structure will be acquired and demolished for the construction of a 200-space parking garage. Upon completion, FS Hotel, LLC will own the property and the parking structure. The City will re-lend the guaranteed loan proceeds, through a subrecipient agreement, to its Downtown Development Authority (DDA), which will in turn re-lend the proceeds to FS Hotel, LLC. The Section 108 Guaranteed Loan will be used only for the hotel portion of the project. In conjunction with the Section 108 Guaranteed Loan, the City will use $24,000,000 in first mortgage debt funds and $18,078,775 in Historic Tax Credit Equity funds for a total project cost of $73,740,536. The Community Development Block Grant (CDBG) national objective for the City's use of the guaranteed loan proceeds is to aid in the elimination of blight on a spot basis and to provide special economic development assistance to a for profit entity to benefit persons of low-moderate income through job creation. The project will create an estimated 374 new full-time jobs, 90% of which will available to or held by persons of low-moderate income. The City will repay its Section 108 Guaranteed Loan over a 20-year period, paying interest only for the first five years. To insure the repayment of the guaranteed loan, the City pledges to HUD its interest in the DDA loan to FS Hotel, LLC, which is secured by a second lien position on hotel portion of the building. The City also pledges its CDBG funds as security for the repayment of its Section 108 Guaranteed Loan.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2006	500 Block Project	MI	Flint	Economic Development	The City of Flint will provide financial assistance to the Developer, 500 Block Investors, Limited Liability Corporation (LLC), for the renovation and remediation of three buildings on the west side of the 500 block of South Saginaw. The site is located in a HUD approved Neighborhood Revitalization Strategy Area (NRSA) and a Federally- designated Enterprise Community. The Developer will redevelop the buildings into a four-story 80,000 square foot building including approximately 30,000 square feet of office space, 20,000 square feet of restaurant/ entertainment space, and 30,000 square feet for eight loft-type residential units. The State of Michigan's Economic Development Corporation (MEDC) will provide a lead role in oversight for the investment of the public funds in this project. The City will re-lend the guaranteed loan funds to the Developer for the construction costs of only the commercial portion of this development: office/restaurant/ entertainment space. In conjunction with the Section 108 Guaranteed Loan, the City will also use a $1,000,000 Brownfields Economic Development Initiative (BEDI) grant for the rehabilitation and remediation that will include removal of lead-based paint and asbestos in the existing structure. The total cost of the project is $10,322,695. The Community Development Block Grant (CDBG) national objective for the City's use of the guaranteed loan proceeds is to benefit low-moderate income persons through job creation. The project will create an estimated 110 new full-time jobs. The City will repay its Section 108 Guaranteed Loan over a two-year period, paying interest only for the first year. The Developer will pay off the City's construction loan with permanent financing upon completion of the project to repay the guaranteed loan. To secure repayment of the guaranteed loan, 500 Block Investors, LLC will provide an irrevocable Letter of Credit for $3,899,100. The City also pledges its CDBG funds for repayment of its guaranteed loan.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2007	Ridgewood Plumbing	NY	Middle-town	Economic Development	The City of Middletown will re-lend the Section 108 proceeds to for-profit entities Ridgewood Corporation and its affiliate, MSJ Orange County Associates, LLC. The Ridgewood Corporation, founded in 1922, is a plumbing, heating, and HVAC distributor which proposes to expand and modernize its distribution facility in Middletown, NY. The company plans to demolish antiquated buildings, carry out an environmental cleanup, renovate existing structures and construct new office, warehouse, and showroom facilities. It also plans to install state of the art equipment for material handling and distribution. The City will re-lend the Section 108 guaranteed loan proceeds to the for profit entity MSJ Orange County Associates, LLC for costs related to the expansion and modernization of Ridgewood's facility in Middletown. Provident Bank, through its Urban Aid Program, will also join with the City in financing Ridgewood's facility expansion and modernization with $758,386 in funding for a total project cost of $1,078,386. The Community Development Block Grant (CDBG) national objective for the City's use of guaranteed loan funds is to benefit low-moderate income persons through job creation. The City estimates that the project will create 10 full time or equivalent jobs of which at least 51% will be held by or available to low-or moderate-income persons. The City will repay the Section 108 Guaranteed Loan over a 20-year period and cash flow from Ridgewood Corporation and it affiliate, MSJ Orange County Associates, LLC will be used to repay the guaranteed loan. To secure repayment, the City pledges its future CDBG funds, will provide HUD the personal guarantees of Ridgewood's owners and will assign to HUD its interest the third party loan that includes a second lien position on all land, improvements and equipment.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2007	Douglas Block Revitalization	NC	Rocky Mount	Economic Development	The City of Rocky Mount will provide the Section 108 proceeds, through the City's Department of Planning and Development (DPD), to a consortium of six local banks to assist in establishing the Downtown Rocky Mount Revolving Loan Fund to promote economic development and revitalization. The local banks include RBC Centura, Wachovia, BB&T, First South Bank, Southern Bank & Trust and First Carolina State Bank. The fund will finance property acquisition and provide construction and renovation financing to for-profit development entities in the designated Douglas Block area of downtown Rocky Mount. Douglas Block is a three-block area of approximately 10 acres that is contaminated from the demolition of a former tobacco warehouse. The DPD will use the Section 108 Guaranteed Loan to fund property acquisition, site preparation, remediation, and a loan guarantee reserve to support economic development activities. Additionally, $1,000,000 in BEDI funds will be used for site remediation and cleanup. The Section 108 and BEDI grant funds will be provided in conjunction with $2,000,000 in general funds, a $4,800,000 revolving loan fund, $4,800,000 in New Markets Tax Credit equity, $382,750 in additional EPA grant funds and $743,550 in private debt for a total project cost of $17,026,300. The Community Development Block Grant (CDBG) national objective for the City's use of guaranteed loan funds is to benefit low-moderate income persons through job creation. The City estimates that the project will create 102 full time or equivalent jobs of which at least 51% will be held by or available to low-or moderate-income persons. The City will repay the Section 108 Guaranteed Loan over a 20-year period, paying interest only for the first three years. The City's CDBG funds, funds from the lease of real property in the Douglas Block area, and the City's general fund will be used to repay the guaranteed loan. To secure repayment, the City pledges its future CDBG funds and local revenues equal to the original principal amount of the guaranteed loan.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2006	Brownfields Redevelopment Loan Fund	OR	Eugene	Economic Development	The City of Eugene's Community Development Division will create a business loan fund that will assist existing businesses and help attract new businesses to distressed areas in the City. The loan fund will focus primarily on the City's Downtown and Riverfront urban renewal districts. The fund will provide loans to subrecipients for acquisition, relocation assistance, clearance and demolition, site preparation, and construction of public facilities. It will also be available to non-profit service providers and public housing entities, via subrecipient agreements. In conjunction with the Section 108 Guaranteed Loan funds, the City will use a $2,000,000 Brownfields Economic Development Initiative (BEDI) grant to pay for part of the interest on the Section 108 Guaranteed Loan, for site preparation, and for the creation of a debt service reserve. The total cost of the project is $9,895,000. The Community Development Block Grant (CDBG) national objective for the City's use of the guaranteed loan proceeds is to benefit low-moderate income persons through job creation and through the provision of affordable housing. Also, the national objective is to eliminate/prevent blight or slums. The loan fund will create an estimated 200 new full-time jobs as the City will require each Business Loan borrower to provide one full-time job for every $35,000 in Loan Fund proceeds used. The City will repay the Section 108 Guaranteed Loan over a twenty-year period using repayments from its business borrowers and subrecipients. To secure repayment of the guaranteed loan funds, the City pledges its interest in third party loans secured by first lien deeds of trust on real property, personal guarantees, equipment, accounts receivable, and/or inventory. The City also pledges its CDBG funds.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2006	Reading Hotel Project	PA	Reading	Economic Development	The City of Reading will provide financial assistance to a for profit Developer, Reading Hospitality Group, Limited Liability Corporation (LLC), for the acquisition of land, and the construction of a 200-room Crown Plaza Hotel. The land is currently owned by the Reading Redevelopment Authority and is located directly across from the recently completed Reading Convention Center. The hotel will be a 7-story, 234,000 square foot hotel with 17,000 square feet of ballroom space, 9,000 square feet of flexible meeting space, retail space and recreational facilities. The City of Reading will provide financial assistance to a for profit Developer, Reading Hospitality Group, Limited Liability Corporation (LLC), for the acquisition of land, and the construction of a 200-room Crown Plaza Hotel. The land is currently owned by the Reading Redevelopment Authority and is located directly across from the recently completed Reading Convention Center. The hotel will be a 7-story, 234,000 square foot hotel with 17,000 square feet of ballroom space, 9,000 square feet of flexible meeting space, retail space and recreational facilities. The Community Development Block Grant (CDBG) national objective for the City's use of guaranteed loan funds is to benefit low-moderate income persons through job creation. The project will create an estimated 110 new full-time jobs. The City will repay its Section 108 Guaranteed Loan over a 20-year period, paying interest only for the first two years. To secure repayment of the guaranteed loan proceeds, the City pledges its interest in the third-party loan, which is secured by a second lien position on the project's land and improvements. The City also pledges its CDBG funds for repayment of its guaranteed loan.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2007	Downtown Redevelopment Fund	SC	Florence	Public Facilities	The City of Florence will use the Section 108 proceeds to establish the Downtown Redevelopment Fund. The fund will provide financing to the following two projects: the Barnes Street Recreational Facility and the Levy Park Recreational Center. The Barnes Street Recreational Facility is a $700,000 project to convert an old warehouse into a youth recreational facility. After renovation, the facility will have a fully functional gymnasium, weight room, and computer room, as well as a lounge/ TV room. The Levy Park Recreational Center is a $300,000 project to renovate an existing youth and senior recreational center located in the East Florence area. After renovations, the center will have an indoor basketball court and additional meeting rooms. The City will use the Section 108 Guaranteed Loan to carry out rehabilitation activities on the properties. Section 108 funds will be used in conjunction with $300,000 existing Community Development Block Grant (CDBG) funds for a total cost of $1,300,000. The CDBG national objective for the City's use of guaranteed loan funds is to benefit low-moderate income persons in the area served. Both the Barnes Street. Recreational Facility and the Levy Park Recreational Center are located in primarily residential areas where 51 percent or more of the residents are low- and moderate-income persons.The City will repay the Section 108 Guaranteed Loan over a 15-year period. The City has agreed to repay the Section 108 loan and to secure repayment, the City will pledge its full faith and credit for repayment of the Section 108 Guaranteed Loan in the event CDBG funding is in adequate.The City will repay the Section 108 Guaranteed Loan over a 20-year period, paying interest only for the first two years. For the $1,500,000 third-party loan to the developer, the County will utilize the developer's rental income from the building towards debt service. To service the debt on the $6,500,000 loan for improvements, the County will utilize revenues generated from the City of North Charleston's Municipal Improvement District (MID), which will create liens on those properties that benefit from the improvements. To secure repayment, the County pledges its future CDBG funds, interest in the third-party loan to the developer and MID and TIF revenues.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2007	Neighborhood Commercial Management Loan Program	TX	Austin	Economic Development	The City of Austin will fund a previously approved and existing Neighborhood Commercial Management Loan Program (NCMP). Section 108 Loan funds will be used to increase the volume of the revolving loan portfolio of NCMP, thereby increasing the number of available low-and moderate-income jobs. NCMP provides low interest loans to small businesses, primarily in less developed commercial districts, and to support the development of new commercial districts. The City will require that each business loan borrower create one job for every $35,000 of funding. To date, NCMP has funded over $4.7 million in small business loans and has been responsible for the creation of over 400 jobs. The loan program operates within a targeted low and moderate-income area and is administered by the City. Through the NCMP, the City will use the Section 108 Guaranteed Loan proceeds for loans to small businesses. The Community Development Block Grant (CDBG) national objective for the City's use of guaranteed loan funds is to benefit low-moderate income persons through job creation. The City estimates that 86 full time or equivalent jobs, of which at least 51% will be held by or available to low-or moderate-income persons, will be created through the use of its guaranteed loan. The City will repay the Section 108 Guaranteed Loan over a 20-year period and program income generated from the small business loans will be used to repay the guaranteed loan. To secure repayment, the City pledges its future CDBG funds and its interest in the NCMP loan portfolio.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2007	Ogden Recreation Center	UT	Ogden	Economic Development	The City of Ogden will re-lend the Section 108 proceeds to the Ogden Redevelopment Agency (RDA) to construct the Ogden Recreational Center. The recreation facility will be a 125,000 square foot recreational facility built on 1.56 acres in downtown Ogden. The facility is located within a HUD-approved Neighborhood Revitalization Strategy Area (NRSA). The center will include traditional and non-traditional recreation activities, such as a fitness center, flow rider/wave pool, a bowling alley, weight training area, aerobic room, basketball court, handball courts, lap pool, two dance studios, and an indoor track. The facility will also include three party rooms and two restaurants. Once complete, the RDA will lease the center to Health & Fitness Holding, LLC (HFH), which owns and operates Gold's Gym franchises and Fat Cats Bowling centers. HFH will operate and maintain the facility for a minimum of 20 years. The RDA will use the Section 108 Guaranteed Loan for acquisition and installation of built-in specialized equipment needed for the Ogden Recreational Center. The City will also use a portion of the Section 108 proceeds to cover issuance costs associated with the guaranteed loan. The Section 108 funds will be provided in conjunction with $16,180,000 in public bond financing and $285,000 in tax increment financing for a total project cost of $18,465,000. The Community Development Block Grant (CDBG) national objective for the City's use of guaranteed loan funds is to benefit low-moderate income-persons through job creation. The project will create an estimated 40 full time or equivalent jobs of which at least 51% will be held by or available to low-or moderate-income persons. The City will repay the Section 108 Guaranteed Loan over a 20-year period. Lease revenues from the development will be used to repay the guaranteed loan. To secure repayment, the City pledges its future CDBG funds and a first lien position on a public works center house.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2007	The Burlington Business Loan Program, Residential Rehabilitation Loan Funds, and Community Development Fund	VT	Burlington	Economic Development	The City of Burlington will use $1,827,000 in Section 108 loan proceeds to equally finance eligible activities for the following three loan pools: Housing – Residential Development and Rehabilitation Loan Funds, Economic Development – The Burlington Business Loan Program (BBLP) and Public Infrastructure – General Buildings, Public Facilities, and City Improvements. The Burlington Business Loan Program (BBLP) will provide targeted loans to the following three projects: a.Old North End - Direct loans to businesses to retain and create job opportunities to locate and expand in the Renewal Community of the Old North End. The Intervale, a 350-acre agricultural site located adjacent to the Renewal Community will also benefit from having business development funds available. A new "green" development, the Community Food Enterprise Center (an Enterprise Community Strategy), will house a cluster of businesses that will be potential borrowers of this economic development financing. Funding through this loan pool is anticipated to finance a community kitchen, day care center, hotel, business incubator facility, and upper story redevelopment in the Old North End. b. Pine Street Redevelopment – The City has made a strong commitment to brownfields redevelopment with many site conversions completed. Redeveloped brownfields in the City are directly contributing improvements in the ecological, economic, and social environments. The City will undertake the development of a Smart Grown Urban Revitalization District, to include the Pine Street Superfund Site and the Enterprise Zone (located in a low- moderate income areas). c. North Street Revitalization – This project will be the reconstruction of the roadway, the Main Street of the Old North End and improve infrastructure with pedestrian and bicycle improvements. The area is in a designated Renewal Community as well as a low-income designated census tract neighborhood. Guaranteed loan proceeds will be used for site acquisition, preparation and reconstruction, rehabilitation of public facilities, and economic development activities carried out by private for-profit businesses. The Community Development Block Grant (CDBG) national objective for the City's use of guaranteed loan funds will be met through benefits to low-and moderate-income persons though job creation. The City will repay the Section 108 Guaranteed Loan over a 20-year period. For economic development activities, revenues from third party borrowers or the City's CDBG funds will be used to repay the guaranteed loan. To secure repayment, the City pledges its future CDBG funds and first or second lien positions on real property associated with the third party loans.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2006	Brownfields Redevelopment Loan Fund	WA	Seattle	Economic Development	The City of Seattle will establish a brownfields redevelopment loan fund to assist business development on designated brownfields sites in the City's Central Area, International District, Southeast Seattle in census tracts that have a poverty rate of at least 20 percent. The Section 108 Guaranteed Loan funds will be used to provide loans to public or private nonprofit and for-profit businesses to carry out a variety of activities, which include acquisition of real property for economic development purposes, clearance and demolition, site preparation for economic development, and/or housing rehabilitation as part of a neighborhood economic development project. In conjunction with the Section 108 Guaranteed Loan funds, the City will also use a $2,000,000 Brownfields Economic Development Initiative (BEDI) grant award from HUD in the fiscal year 2004 to provide interest rate subsidies to some businesses, and to fund a loan loss reserve for its brownfields redevelopment fund. Some business may need a funding combination of a grant and loan to carry out approved activities. The Community Development Block Grant (CDBG) national objective for the City's use of the guaranteed loan proceeds and BEDI grant funds is to benefit persons of low-moderate incomes and to aid in the elimination of blight in distressed areas. The City will repay its Section 108 Guaranteed Loan from the business debt service payments it receives from each individual loan. The terms of the loans will vary from 10 – 20 years depending upon the type of financing provided: real estate, equipment purchases, working capital, acquisition, or site preparation. To secure repayment of its guaranteed loan, the City will pledge its interest in the redevelopment fund's business loans secured by liens on real estate, machinery and equipment, and in some cases personal guaranties. The City also pledges its CDBG funds as security for repaying its Section 108 Guaranteed Loan.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2007	Economic Development Assistance Program	WY	Casper	Economic Development	The City of Casper will use the Section 108 proceeds for the Economic Development Assistance Program (EDAP) to spur development in distressed neighborhoods, build community wealth through local business ownership, create new jobs and attract businesses that provide needed goods and services in the targeted area. The EDAP will re-lend Section 108 proceeds to various third-party business entities and will be available to new or existing businesses desiring to locate, or relocate, to the targeted area. Financial assistance through the EDAP will generally range from $60,000 to $300,000, however, in certain cases assistance could be higher. The EDAP will lend the Section 108 proceeds primarily to various for-profit businesses to assist with economic development activities. In addition, the EDAP may lend a portion of the Section 108 proceeds to public or private non-profit subrecipients to assist with economic development activities. The Community Development Block Grant (CDBG) national objective for the City's use of guaranteed loan funds is to benefit low-moderate income persons through job creation. The City estimates it will create 64 full time or equivalent jobs of which at least 51% will be held by or available to low-or moderate-income persons. The City will repay the Section 108 Guaranteed Loan over a 20-year period, paying interest only for the first two years. Project revenues from the economic development activities will be used to repay the guaranteed loan. To secure repayment, the City will pledge its future CDBG funds and various sources of collateral based on individual third-party loans.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2007	Convention Center & Oceanographic Center	PR	Ponce	Economic Development	The Municipality of Ponce will use the Section 108 funds to assist the following two public facilities projects: The Ponce Convention Center. The Municipality will use $17,600,000 of Section 108 funds to develop a 92,000 square foot convention center located within the former Multeado Estrella Farm on the Santiago de los Caballeros Avenue near the new Judicial Center Building, the Workmen's Compensation Building and across the street from the University of Puerto Rico, Ponce Campus and Plaza del Caribe. The convention grand ballroom will seat 3,000 divided in 16 separate function areas and will include a full kitchen, six independent meeting rooms and parking spaces. The Municipality will own the convention center upon completion. The project is expected to create 221 full-time equivalent jobs of which at least 150 will be available for low-and moderate residents. The project will cost approximately $25,140,548. The Oceanographic Center of the Caribbean (Public Aquarium). The Municipality will use $3,290,000 of Section 108 funds to construct a two-level building that will have an underground level for the machinery, life support and filtration systems and saltwater retaining tanks. The project will be constructed at an existing recreational facility know as La Guancha Recreational Complex and will have an observation tower, a boardwalk and will include 24 small businesses, a restaurant, a children's park, recreational plaza, a multiuse building and a fishermen association facility. The project will cost approximately $9,000,000. The Municipality will use the Section 108 Guaranteed Loan finance construction costs for the public facilities project. The Section 108 funds will be provided in conjunction with $6,028,612 in Community Development Block Grant (CDBG) funds and $7,221,936 in local funds for a total joint project cost of $34,140,548. The CDBG national objective for the City's use of guaranteed loan funds is to benefit low-moderate income persons through job creation. The Municipality estimates that the projects will create 221 full time or equivalent jobs of which at least 51% will be held by or available to low- or moderate-income persons. The Municipality will repay the Section 108 Guaranteed Loan over a 20-year period, paying interest only for the first four years. The Municipality will use CDBG funds and program income from previous CDBG funded projects to repay the guaranteed loan. To secure repayment, the Municipality pledges its future CDBG funds and a first-lien on the convention center property and equipment.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2006	Public Facility Projects	PR	Toa Baja	Public Facilities	The Municipality of Toa Baja will finance, develop and operate seven public facility projects to address immediate needs in the community, improve the conditions and appearance of the Toa Baja area, enhance the economic development opportunities of the low-income population, and achieve the community development objectives. The Section 108 Guaranteed Loan will be used to fund all of the costs of the seven projects.The first project is the construction of a basketball court in the Municipality's Campanilla Community. This roofed basketball court, which is located in the northern section of Campanilla, will be beneficial to the large number of families with children that reside in the area. Also, the Municipality will carry out various projects and activities to promote community integration and development at the facility, including a variety of innovative and special activities to promote the participation of children, young people, elderly and persons with disabilities. The project will serve an area where 78.93% of the residents are low-moderate income persons. This project will have a total cost of $200,000. The Community Development Block Grant (CDBG) national objective met by this eligible activity is benefit to low- and moderate-income persons on an area basis. The second project is the construction of a Toa Baja Hall of Fame on Avenida Sabana Seca by the Toa Baja City Hall. The building will be in recognition of the excellence of service and achievement of Toa Baja residents for their contributions to the progress of the Municipality. The building will be 12,000 square feet and will include the Hall of Fame, six exhibition halls, a conference and meeting space capable of hosting small meetings and events involving less than 300 attendees, and a parking area. This public facility project will provide cultural benefits to all the residents of Toa Baja that has a population of which 53.8% is low- and moderate-income persons. These persons will be the primary beneficiaries of this facility. The total cost of the project is $1,000,000. The third project is the construction of a community center for the Ingenio Community in Toa Baja. The community center will be located behind the public school in the Ingenio Community. The center will provide residents a place where they can partake in different social, community and cultural services and activities. The building will be 9,200 square feet and will include an outside parking area. The service area for this public facility is the Ingenio Community, which is primarily residential and 85.66% of these residents are low- and moderate-income persons who will be the project's primary beneficiaries. The total cost of the project is $1,000,000. The fourth project is the rehabilitation of the community center in the 7th section of the Levittown Community, Sabana Seca Ward, adjacent to an existing basketball complex. The center will provide the residents of the Levittown and Sabana Seca Communities a place where they can participate in different recreational, social and cultural activities. Approximately 53% of these communities' residents are low- and moderate-income persons which will benefit from the center's activities. The total cost of the project is $1,000,000. The fifth project is two kinds of public improvements that involve 1) the paving of streets in various neighborhoods of the Municipality including Villa Marisol, Villa Kennedy, Sabana Seca, San Jose, Parcelas Nuevas, and Campanilla; and 2) the construction of infrastructure, including pipes, gutters, manholes, and headwalls to control water in the Municipality's Ingenio Community, Villa Olga Community, Macum Community, San Jose and Campanilla. All of these neighborhoods and communities have low and moderate income residents that exceed 56% of their total populations. This public improvement project will cost $3,957,000. The sixth project is the construction of a Head Start Center in the Levittown Community of Toa Baja. The center will be a four-room, 16,000 square foot building consisting of multiple classrooms, administrative offices, multi-purpose rooms, nursing rooms for mothers with babies, a fully equipped kitchen, as well as an outdoor playground with recreational equipment and a parking area. The Head Start Center, which will be located at the intersection of Sabana Seca Avenue and Los Dominicos Avenue will provide comprehensive pre-school services and education to help at-risk three and four-year-old children of low and moderate income families throughout Toa Baja so they can be ready to learn upon entering elementary school. The total cost of the project is $3,000,000. The seventh project is construction of the Toa Baja Multipurpose Community Center. The center will be a 12,000 square foot structure consisting of activity rooms, bathrooms, and office space, as well as electrical, sanitary and water control infrastructure, a parking area, fencing and landscaping. The project will be located in the Campanilla Community at Barrio Media Luna. The center will be used by students, organizations, businesses and other interested parties to hold various community events, including conventions, seminars, conferences, school plays, senior citizen programs and services, cultural events, and recreational and social events for all ages in Toa Baja, which has a low and moderate income that is over 53% of the total Municipality population. They will be a primary beneficiary of the use of this center. The total cost of the project is $2,000,000. The Community Development Block Grant national objective for the Municipality's use of the guaranteed loan funds for these various public facility projects is to benefit low-moderate income persons on an area basis as all of the areas in which the projects are to be located consist primarily of low-moderate income persons. The Municipality will repay the Section 108 Guaranteed Loan over a twenty-year period, paying interest only for the first four years. The Municipality will repay its Section 108 Guaranteed Loan using its yearly CDBG entitlement funds. To secure repayment of the guaranteed loan, the Municipality pledges a first lien on the real property, as well as its CDBG funds.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2006	Youth Sports Education Center	PR	Isabela	Public Facilities	The Municipality of Isabela will construct a Youth Sports Education Center as the second phase of this project. The project's first phase included the planning and design of the center's construction and the demolition of a deteriorated basketball court to clear space for the center. The center will be a 48,000 square foot, two-story building built on a two-acre parcel owned by the Municipality. It will provide youths in the community, between the ages of 10 and 19, sports and education services. It will include an electronic library, game rooms, a gymnasium, a multipurpose tennis, volleyball, and basketball court, dorms for children's sport camps and concessionaires for food, books, and sports equipment. The Section 108 Guaranteed Loan will be used to fund the entire construction of the project. The Community Development Block Grant (CDBG) national objective for the Municipality's use of the guaranteed loan is to benefit low-moderate income persons as a limited clientele (youths between the ages of 10 and 19). The Municipality will repay the guaranteed loan over a twenty-year period, paying interest only for the first two years. The Municipality will use its CDBG allocation to repay the guaranteed loan. To secure repayment of the Section 108 Guaranteed Loan, the Municipality pledges a first lien position on land and the building of the Youth Sports Education Center, as well as its CDBG funds.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2006	Rockland Family Shelter	NY	Rockland County	Public Facilities	The County of Rockland will provide financial assistance to Rockland Family Shelter (RFS), Inc. for acquisition of a larger building. The RFS, a non-profit organization whose mission is to eradicate domestic and sexual abuse against women and children through providing shelter to victims of abuse and through public advocacy, needs more space to provide its service to the Rockland County community. In the summer of 2005, Rockland Family Shelter, Inc. used a short term 'bridge loan' from a local bank to acquire a two-story, 9,469 square-foot building. It plans on renovating 8,243 square feet of it to increase its service capability. The RFS has raised $500,000 to use in conjunction with the County's loan of its Section 108 Guaranteed Loan proceeds to fund the project for a total cost of $1,860,000. HUD determined that since the County and the RFS had collaborated to meet all the Section 108 Loan Guarantee Program requirements in 2005 when RFS acquired the larger facility, the County is eligible to reimburse pre-award costs to make a loan to the RFS to repay its short term bank loan. The Community Development Block Grant (CDBG) national objective for the County's use of its Section 108 Guaranteed Loan proceeds is to benefit low-moderate income persons through public services for limited clientele (abused children and battered spouses). The County will repay the Section 108 Guaranteed Loan over a 20-year period utilizing a third-party loan from the shelter. To secure repayment of the guaranteed loan funds, the County pledges its interest in its third-party loan to RFS, which will be secured by a first lien position on the two-story building. Also, the County pledges its CDBG funds for the repayment of its Section 108 Guaranteed Loan.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2006	Sapounas, Inc.	NY	Rockland County	Economic Development	Rockland County will provide financing to Sapounas, Inc., the for profit Developer, to assist with the development of a 9,000-square foot marketplace. The County will HOME grant funding to assist Sapounas develop affordable housing units above the marketplace in a three story building in the Village of Nyack, NY, a small community in the County. The marketplace will be located on the ground floor of the building, and the affordable housing units will be on the second and third floors. The housing will be for the Village's fire fighters and the marketplace will specialize in quality groceries, produce, and prepared foods. Sapounas, Inc. will operate and own the project upon completion. The County will re-lend its guaranteed loan funds to Sapounas, Inc. for financing the purchase of the marketplace equipment costs. Sapounas will combine the County's funding with a $3,050,000 in bank loan and Developer equity to fund the project for a total project cost of $5,023,800. The Community Development Block Grant (CDBG) national objective for the County's use of the guaranteed loan funds is to benefit low-moderate income persons through job creation. The project will create an estimated 16 new full-time jobs.The County will repay the Section 108 Guaranteed Loan over a 20-year period, paying interest only for the first two years. The County will use revenues it receives from the Developer from the market to repay its guaranteed loan. To secure repayment of the guaranteed loan, the County pledges its interest in its third-party loan to Sapounas, Inc., which will be secured by a second lien position on the three-story building and personal guarantees from the Developer and the Developer's partners. The County also pledges its CDBG funds as security for the repayment of its guaranteed loan. The US Bancorp Community Development Corporation (USBCDC), the primary lender and NMTC investor in this project, will create an upper tier investment fund that will leverage $7,992,649 in NMTC equity through the investment of all the Section 108 Guaranteed Loan proceeds, the City's EDI grant funds, the bank's loan, the Empowerment Zone funds, and the Developer's equity funds. This Investment Fund will make a capital contribution, as equity, of all theses monies into a Community Development Entity (CDE). The CDE will use this equity investment to make a Qualified Low-Income Community Investment (QLICI) loan to The BTJ/AZ Harlem Home, LLC, the project's Developer. The acquisition and development costs of the project are $34,747,649. The Community Development Block Grant (CDBG) national objective for the City's use of the guaranteed loan funds is to benefit low-moderate income persons through area benefit. The project is in an area whose target population is 521,635 residents, of which 358,331 are persons of low-moderate income. This project will also create an estimated 250 new full-time jobs. The NYCEDC will repay the Section 108 Guaranteed Loan from revenues it receives from the project Developer and the project's debt service reserve over an eight-year loan term. It will pay interest only for the first seven years of the eight year loan term, so that the Developer can demonstrate compliance with the NMTC low income community investment requirements. Funding from the debt service reserve will enable NYCEDC to repay the principal balance of the guaranteed loan in the eighth year. To secure repayment of the guaranteed loan, the NYCEDC pledges its interest in its third-party loan to the USBCDC Investment Fund, secured by the Fund's partnership interests in the CDE. Also, the City pledges its CDBG funds as security for repaying the Section 108 Guaranteed Loan.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2006	Whitebrooke Hills Project	PA	East Whiteland	Economic Development	Chester County designated the Chester County Industrial Development Authority (CCIDA) to be the borrower of the Section 108 Guaranteed Loan. The CCIDA will provide the financial assistance to O'Neill Properties Group, Limited Partnership (LP), for the redevelopment of a 77-acre area, the former Worthington Steel site, into a mixed-use "new urbanism" town center in the Township of East Whiteland. The Town Center will consist of 350,000 square feet of retail space, approximately 500,000 square feet of office space, structured parking garages, and green space. The CCIDA will re-lend the Section 108 Guaranteed Loan proceed to O'Neill Properties Group, LP, to finance the initial phase of the redevelopment, which includes the development of ten acres into 120,000 square feet of retail space and 523 parking spaces. In conjunction with the Section 108 Guaranteed Loan, CCIDA will also re-lend a $2,000,000 Brownfields Economic Development Initiative (BEDI) grant to O'Neill Properties Group, LP to finance some of the project's construction costs, along with some of the demolition, earthwork, and stream reclamation costs, and they will use $14,004,106 in Senior Financing funds and $10,009,703 in Equity/Subordinated Financing funds for a total project cost of $31,013,809. The Community Development Block Grant (CDBG) national objective for the County's use of guaranteed loan funds is to benefit low-moderate income persons through job creation. The project will create an estimated 200 new full-time jobs. The CCIDA will repay the Section 108 Guaranteed Loan over a twenty-year period, paying interest only for the first two years. The CCIDA will use project revenues from O'Neill Properties Group, LP to repay the loan. To secure repayment of the guaranteed loan, the County pledges its interest in its third-party loan to O'Neill Properties Group, LP, which will be secured by a second lien position on the project's land and improvements. The County also pledges its CDBG funds to secure the repayment of the Section 108 Guaranteed Loan.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2005	Redevelopment Project in Greensburg	PA	Greens-burg	Public Facilities	Westmoreland County will use its Section 108 Guaranteed Loan proceeds to provide funding to the Redevelopment Authority of Westmoreland County (RAWC). The RAWC will use these monies to pay the cost of land and buildings acquisition, relocation of site occupants, and demolition and site preparation of a site in the City of Greensburg, which it will transfer to Seton Hill University for redevelopment. The site is located within a HUD approved Neighborhood Revitalization Strategy Area (NRSA). Seton Hill University will develop the site into office space, an auditorium for the performing arts, and academic space. Since the County and Seton Hill University are carry out redevelopment activities in a HUD approved NRSA, the activities financed with Section 108 Loan Guarantee funding will meet the Community Development Block Grant national objective of area benefit.
2007	Sardinera Beach Hotel	PR	Dorado	Economic Development	The Municipality of Dorado will use the Section 108 proceeds to acquire 1.54 acres of beachfront property, upon which it will develop a five-story, 48-room hotel on Sardinera Beach The Project will include retail and a restaurant on the ground floor, and a 6,000 square foot convention center on the fifth floor. The Municipality will use the Section 108 Guaranteed Loan for acquisition and construction costs associated with the project. The Community Development Block Grant (CDBG) national objective for the Municipality's use of guaranteed loan funds is to benefit low-moderate income- persons through job creation. The project will create an estimated 158 full time or equivalent jobs of which at least 51% will be held by or available to low-or moderate-income persons. The Municipality will repay the Section 108 Guaranteed Loan over a 20-year period, paying interest only for the first two years. Project revenues from the development will be used to repay the guaranteed loan. To secure repayment, the Municipality pledges its future CDBG funds and a first lien on the developed property.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2007	Fire Station #7 Project	CA	Oceanside	Public Facilities	The City of Oceanside will use the Section 108 proceeds, through The City of Oceanside Fire Department (OFD), to construct a new fire station that will replace an existing temporary station, which has limited capacity to meet the City's growing service needs. The new 18,362 square foot facility will be constructed on City-owned land and will house two engine companies, a medic company and a battalion chief for a total of eleven personnel housed at the site for each shift. The exterior style of the building will be Mission style as the station will be located in the Mission San Luis Rey Historic Overlay District. The Project will improve emergency service delivery for the north side of the City of Oceanside. The OFD will use the Section 108 Guaranteed Loan for construction costs associated with the new fire station. The Section 108 funds will be provided in conjunction with approximately $6,773,000 from the City Capital Improvement Program Fund for a total project cost of approximately $10,273,000. The Community Development Block Grant (CDBG) national objective for the City's use of guaranteed loan funds is to benefit low-moderate income persons in the area served. The fire station's service area covers five census tracts and includes 27,890 people, 54% of which are of low-to moderate-income. The City will repay the Section 108 Guaranteed Loan over a 20-year period and CDBG entitlement grants will be used to repay the guaranteed loan. To secure repayment, the City pledges its future CDBG funds and a first lien position on the project's real property.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2006	Taxi Redevelopment Project	CO	Denver	Economic Development	The City of Denver will provide financing assistance to the Zeppelin Development, Limited Liability Corporation (LLC), for the construction of a 550-foot long, three story structure that will have 60,000 square feet of commercial space on the first and second floors and approximately 34,000 square feet of residential space containing 29 affordable loft condominium units on the third floor. The site is a 9-acre parcel situated on the South Platte River and was formerly an industrial site with soil, groundwater, asbestos and lead based paint contamination, and underground storage tanks. The remediation of the site may necessitate the installation of a methane venting system. The City will use a $2,000,000 Brownfields Economic Development Initiative (BEDI) grant in conjunction with its Section 108 Guaranteed Loan. The total project cost is $17,433,850 of which the developer, Zeppelin Development, LLC, has bank financing commitments of approximately $9,000,000. The City will loan the Section 108 funds to Zeppelin Development, LLC, to finance a portion of the commercial construction costs. The Community Development Block Grant (CDBG) national objective for the City's use of its guaranteed loan proceeds is to benefit low-moderate income persons through job creation. The project will create an estimated 200 new full-time jobs. The City plans on repaying the Section 108 Guaranteed Loan over a three year period, paying interest only for the first two years. It plans on repaying this interest using some of the BEDI grant. The City will also use revenue generated from the sale of the condominiums to repay the loan. To secure repayment, the City has pledged its interest in its third party loan to Zeppelin Development, LLC, secured by a second deed of trust on the project property, and its CDBG funds.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2007	Renaissance Pointe NRSA	IN	Fort Wayne	Public Facilities	The City of Fort Wayne will use the Section 108 proceeds for the Renaissance Pointe redevelopment initiative, a large scale housing project in the heart of Fort Wayne. The City will acquire approximately 230 parcels and develop the infrastructure within a 67-acre site in order to facilitate development of affordable housing opportunities, recreational amenities, and commercial services as part of the project. Upon buildout, The City expects the project to provide 400 new affordable homeownership opportunities, the rehabilitation of nearly 100 existing owner-occupied homes, the construction of 36 "live/work" townhouse units, and approximately 95,000 square feet of new commercial/retail space. Within the site, YMCA will combine the Old Fort YMCA and the Southeast Families YMCA into a larger 60,000 square foot facility, which will feature a gym, exercise facilities, computer training and classrooms. The new YMCA facility will complement the Renaissance Project, while providing services to the impoverished Hanna-Creighton neighborhood. The City will use $6,250,000 of the Section 108 Guaranteed Loan proceeds towards acquisition, site preparation, and the construction of sidewalks, street improvements, and other infrastructure improvements. The YMCA facility is scheduled to begin construction in the summer of 2008, at which time The City will grant $1,750,000 in Section 108 funds to the YMCA towards the construction of the YMCA Facility.The Community Development Block Grant (CDBG) national objective for the City's use of guaranteed loan funds is to benefit low-moderate income persons in the area served. In addition to the creation of 400 affordable housing opportunities, the City expects the commercial portion of the Project to create 120 new jobs. It also expects the new YMCA facility to serve 16,911 persons, of which 70.7% are low- and moderate-income. The City will repay the Section 108 Guaranteed Loan over a 20-year period, paying interest only for the first three years. A combination of future CDBG annual entitlement grants, utility revenues, and land sales proceeds will be used for repayment of the Section 108 loan. To secure repayment, the City pledges its future CDBG funds, a first lien position on the site, a portfolio of notes from the City's loan pool and a stream of utilities revenues.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2007	Riverpoint West Redevelopment	IA	Des Moines	Economic Development	The City of Des Moines will re-lend the Section 108 proceeds to Riverpoint West, LLC to acquire and assemble parcels within the northern portion of a 300-acre redevelopment area, which will be redeveloped into a mix of retail space and office/flex space. The City conducted Phase I and II studies of the site, which revealed high arsenic levels in the ground water, along with chromium and lead in the soils. Located south of the City's Central Business District, the developer will remediate and redevelop the site into 384,000 square feet of commercial/ retail space and 143,000 square feet of office/flex space. This construction will conclude the first phase of the site's redevelopment. For the second phase, Riverpoint West will acquire the southern portion of the site from Norfolk Southern Railroad, upon which it will develop 642 market-rate condominiums and town homes. Neither Section 108 Guaranteed Loan proceeds nor BEDI funds will be used for residential activities.Riverpoint West will use the Section 108 Guaranteed Loan to finance the project's hard construction costs and a portion of the project's acquisition and demolition. $2,000,000 in BEDI grant funds will also be used to establish a debt service reserve. The Section 108 and BEDI grant funds will be provided in conjunction with $1,155,000 in federal earmarks, $6,625,000 in New Markets Tax Credit equity, $500,000 in RISE grant funds and $5,275,000 in developer funds for a total project cost of $33,055,000. The Community Development Block Grant (CDBG) national objective for the City's use of guaranteed loan funds is to benefit low-moderate income persons through job creation. The City estimates that the project will create 445 full time or equivalent jobs of which at least 51% will be held by or available to low-or moderate-income persons.The City will repay the Section 108 Guaranteed Loan over a 20-year period, paying interest only for the first five years. Tax Increment Financing (TIF) from both the project's TIF district and the larger Metro Center TIF district will be used to repay the guaranteed loan. To secure repayment, the City pledges its future CDBG funds and tax increment revenues from the Metro Center TIF district.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2007	Cumberland Senior Center Facility	MD	Cumber-land	Public Facilities	The City of Cumberland will use the Section 108 proceeds, through the Human Resources Development Commission (HRDC), to develop a 20,000 square foot, two and a half story building in the City's Virginia Avenue Revitalization area, a low-income area of Cumberland. The City currently owns the site, but will gift the property in-kind to HRDC. HRDC provides a variety of services targeted to the low and extremely low income individuals and families in the County including affordable housing, housing for the elderly, meals and activity centers for seniors, work placement programs for hard to employ welfare recipients, asset building programs and special services for county nursing home residents and incapacitated adults. The building's first floor, with approximately 8,000 square feet, will accommodate a senior center community center room, small fitness center, common lobby, commercial kitchen and offices. The second floor, with approximately 12,000 square feet, will accommodate administrative offices for HRDC, conference rooms, training rooms and file rooms. The partial third floor will accommodate a staff break room, storage rooms and future expansion space. The HRDC will use the Section 108 Guaranteed Loan to finance construction of the two and a half story public facility. The Section 108 and annual CDBG grant funds will be provided in conjunction with state, county and community financing of $2,330,000 for a total project cost of $3,730,000. The Community Development Block Grant (CDBG) national objective for the City's use of guaranteed loan funds is to benefit a limited clientele who are primarily low and very low income persons. The City will repay the Section 108 Guaranteed Loan over a 20-year period. Sources of repayment of the City's Section 108 Guaranteed Loan will be HRDC payments on its loan and during the first seven years of the loan term, the City of Cumberland will pay $60,000 of the annual principal payments. The City will repay the loan for the first seven years of Block Grant funds subject to annual appropriations, and the HRDC will make payments for the remaining thirteen years, pursuant to the agreement with the City. To secure repayment, the City will pledge its future CDBG funds and will collaterally assign HUD a first lien on the property.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2006	Foundation for Dance Promotion Project	NY	New York	Public Facilities	The City of New York has designated the New York City Economic Development Corporation (NYCEDC), as the public agency that will issue a Note that will be guaranteed by HUD under Section 108 of the Housing and community Development Act of 1974, as amended, to provide financial assistance to a for profit Developer, The BTJ/AZ Harlem Home, Limited Liability Corporation (LLC). The Developer will use the guaranteed loan proceeds, in conjunction with a $2 million, previously approved Economic Development Initiative (EDI) Grant awarded by HUD to the City, a $10 million bank loan, Empowerment Zone funding, Developer equity, and New Market Tax Credit (NMTC) equity for the acquisition of air rights above a new retail development and the construction of a four-story condominium structure, consisting of 32,000 square feet of performance and rehearsal space for the arts and community entertainment and a separate public research center. This facility will provide performing arts, entertainment, and performance research primarily to residents in and around the 125th Street Corridor in Harlem. The site will offer year-round instruction to low-moderate income residents on dance, visual arts, communications, design, and media. The site is within the federally-designated Upper Manhattan Empowerment Zone. The US Bancorp Community Development Corporation (USBCDC), the primary lender and NMTC investor in this project, will create an upper tier investment fund that will leverage $7,992,649 in NMTC equity through the investment of all the Section 108 Guaranteed Loan proceeds, the City's EDI grant funds, the bank's loan, the Empowerment Zone funds, and the Developer's equity funds. This Investment Fund will make a capital contribution, as equity, of all theses monies into a Community Development Entity (CDE). The CDE will use this equity investment to make a Qualified Low-Income Community Investment (QLICI) loan to The BTJ/AZ Harlem Home, LLC, the project's Developer. The acquisition and development costs of the project are $34,747,649. The Community Development Block Grant (CDBG) national objective for the City's use of the guaranteed loan funds is to benefit low-moderate income persons through area benefit. The project is in an area whose target population is 521,635 residents, of which 358,331 are persons of low-moderate income. This project will also create an estimated 250 new full-time jobs. The NYCEDC will repay the Section 108 Guaranteed Loan from revenues it receives from the project Developer and the project's debt service reserve over an eight-year loan term. It will pay interest only for the first seven years of the eight year loan term, so that the Developer can demonstrate compliance with the NMTC low income community investment requirements. Funding from the debt service reserve will enable NYCEDC to repay the principal balance of the guaranteed loan in the eighth year. To secure repayment of the guaranteed loan, the NYCEDC pledges its interest in its third-party loan to the USBCDC Investment Fund, secured by the Fund's partnership interests in the CDE. Also, the City pledges its CDBG funds as security for repaying the Section 108 Guaranteed Loan.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2007	Yonkers Pier	NY	Yonkers	Economic Development	The City of Yonkers will use the Section 108 loan proceeds to complete the second phase of a two-story mixed use redevelopment of the 20,000 square foot historic Victorian Pier in Yonkers. The completed first floor of this complex is occupied by a terminal for a ferry to and from New York City, which includes a 1,000 square foot concession and ticket area. The entire second floor, which will complete the second stage of the redevelopment, will be occupied by a 260 seat five-star restaurant named Xaviars on the Hudson. The City will use the Section 108 Guaranteed Loan to purchase equipment, furniture and fixtures for the restaurant renovation. The Section 108 grant funds will be used in conjunction with HUD Economic Development Initiative grant funds, New Market Tax Credit equity, Port Authority of NY & NJ funds, City of Yonkers Capital Improvement Plan funds and other private and public funds for a total project cost of $10,070,780. The Community Development Block Grant (CDBG) national objective for the City's use of guaranteed loan funds is to benefit low-moderate income-persons through job creation. The project will create an estimated 35 full time or equivalent jobs of which at least 51% will be held by or available to low-or moderate-income persons.The City will repay the Section 108 Guaranteed Loan over a 20-year period, paying interest only for the first seven years. Lease revenues from the redevelopment will be used to repay the guaranteed loan. To secure repayment, the City pledges its future CDBG funds.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2007	The Oaks at Stephen's Place	NC	Concord	Economic Development	The City of Concord will re-lend the Section 108 proceeds to the non-profit The Oaks at Stephen's Place, Inc, to develop The Oaks at Stephen's Place, an independent living facility for the elderly. The project will provide older adults the opportunity to remain independent and functioning members of society for as long as they are able. As residents of the facility grow older and become unable to live without assistance, residence can qualify for assisted living services and later, as needed, for skilled nursing services. Phase one of the project, for which Section 108 funding will be applied, will include 99 independent living units, a beauty shop/barber shop, a gift shop, and a community wellness center condominium. The Oaks Wellness Center, as a public facility, will be available not only to residents of The Oaks at Stephens Place, but also to the surrounding residential service area of which 82.9 percent of its residents are low and moderate income persons. Certain services, such as classes on health and nutrition are free to seniors. Access to the center's equipment will be made available to not only the residents of The Oaks, but also to residents of the service area, regardless of income, using a membership fee based on a sliding scale according to a person's income. The Oaks at Stephen's Place, Inc will use the Section 108 Guaranteed Loan for construction of The Oaks Wellness Center condominium. Further, $1,000,000 in BEDI funds will be used for additional pre-development activities such as demolition, soil removal, clearance, acquisition of real property, site preparation, debt service reserves and payment of issuance fees. The Section 108 and BEDI grant funds will be provided in conjunction with equity contributions and other financing of $16,326,000 for a total project cost of $19,300,000. The Community Development Block Grant (CDBG) national objective for the City's use of guaranteed loan funds is to provide area benefit to low-moderate income persons. The City identifies several economic benefits that will result from this development, which include the creation of approximately 480 construction jobs and 53 new permanent jobs of which 51% will be available to low-or moderate-income persons. Further, there will be additional business for downtown merchants and vendors, further resulting in job creation and retention. The City anticipates the project will stimulate future investors and developers to further develop downtown Concord. The City will repay the Section 108 Guaranteed Loan over a 20-year period, paying interest only for the first two years. The Section 108 loan will be repaid from principal and interest payments made by The Oaks at Stephen's Place, Inc. To secure repayment, the City pledges its future CDBG funds and its interest in the subrecipient loan, which is secured by a first mortgage on The Oaks Wellness Center condominium.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2007	Exide Battery Property	PA	Allentown	Economic Development	The City of Allentown will re-lend the Section 108 proceeds, though its Department of Community and Economic Development (DCED), to the Bennett Toyota car dealership to develop the former Exide Battery facility site. Bennett Toyota will acquire and develop a three phase 110,000 square foot retail automotive outlet on the property. Through relocation, Bennett Toyota will significantly expand its current automotive retail and service operations which will include expanded administrative and service capacity and ultimately a strip retail center that will provide neighborhood services. The site has a history of soil and groundwater contamination associated with the former Exide Battery manufacturing operations. The DCED will re-lend the Section 108 Guaranteed Loan for soil remediation, site work and construction costs. BEDI funds of $2,000,000 will also be used for demolition, mobilization, soil remediation, hazardous materials removal and abatement. The Section 108 and BEDI grant funds will be used in conjunction with $18,016,000 in owner equity/debt and PA Industrial Site Remediation Loans for a total project cost of $22,516,000. The Community Development Block Grant (CDBG) national objective for the City's use of guaranteed loan funds is to benefit low-moderate income persons through job creation. The City estimates the project will create 140 full time or equivalent jobs of which at least 51% will be held by or available to low-or moderate-income persons. The City will repay the Section 108 Guaranteed Loan over a 20-year period, paying interest only for the first three years. The City will use third-party loan repayments it receives from Bennett Toyota to repay the guaranteed loan. To secure repayment, the City pledges its future CDBG funds and will provide HUD a second lien position on the project buildings.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2007	Cecil B. Moore Homeownership Zone	PA	Philadel-phia	Housing	The City of Philadelphia will re-lend the Section 108 proceeds to the Housing Enrichment Renaissance Board Community Development Corporation (HERB CDC), a non-profit, Community-Based Development Corporation and OKKS-Michael Development Corporation (OKKS-MDC) Joint Venture, LLC, to carryout site improvements and construction of 87 new houses, known as the Twin Homes at Oxford Commons. These homes will be occupied by low-and moderate-income families as part of the City's 1997 Cecil B. Moore Homeownership Zone project. This final phase of the City's Homeownership Zone development will include 73 single family units, with 3 bedrooms, 1.5 bathrooms and a garage. The remaining 14 housing units will comply with the Americans with Disabilities Act and will include 4 bedrooms, 2 bathrooms and a garage. The project site is located downtown between 19th and 20th Streets and extends from Cecil B. Moore Avenue to Montgomery Avenue. The site is located in a HUD approved Neighborhood Revitalization Strategy Area. The City will grant the Section 108 loan proceeds to HERB CDC, through a subrecipient agreement, to assist with new housing construction. HERB CDC has entered into an agreement with OKKS-MDC to construct the new housing in the Homeownership Zone. OKKS-MDC was selected though a Request for Proposal in 2002 to carryout the construction of the new housing development. The Section 108 funds will be used in conjunction $5,619,700 in HOME funds, $2,700,000 in State funds and a $7,821,300 conventional loan for a total project cost of $26,641,000. The Community Development Block Grant (CDBG) national objective for the County's use of guaranteed loan funds is to benefit low-moderate income persons through housing activities. The City has identified 87 properties that will benefit from site improvements and construction. The City will repay the Section 108 Guaranteed Loan over a 10-year period and will use future CDBG funds to service the guaranteed loan. To secure repayment, the City pledges its future CDBG funds and a contract of loan guarantee assistance.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2007	Citywide Loan Pool #6	PA	Philadel-phia	Economic Development	The City of Philadelphia will use the Section 108 loan to expand the City's existing Loan Pool Program. The City's loan program is currently in its fifth round of funding and has provided $103 million in loans and has leveraged $289 million of other funds in 46 projects, which have created 1803 new jobs. The City has developed an Economic Development Blueprint, a set of goals and strategic actions for economic growth and development. The priorities of the Blueprint include supporting civic and cultural development; making Philadelphia a model for minority and women-owned businesses; development of the riverfronts; sustaining advances in neighborhood economic development; and attracting and expanding businesses. The Philadelphia Industrial Development Corporation (PIDC), a private not-for-profit corporation, will lead development and implementation of economic development programs that support the City's blueprint The City will grant, through a subrecipient agreement, the Section 108 loan proceeds to PIDC, a private non-profit entity that contracts with the City to administer and manage the city-wide loan program. Through PIDC, The City plans to expend approximately $10 million of the $15 million in projects in the first 9 months. The Community Development Block Grant (CDBG) national objective will be met by benefiting low- and moderate-income persons through job creation, or area benefit activities, or the elimination of slums or blight. The City will repay the Section 108 Guaranteed Loan over a 20-year period, paying interest only for the first four years. Repayments from the loan pool program will be used to repay the guaranteed loan. To secure repayment, the City pledges its future CDBG funds and interest in third party loans secured by real property, personal guarantees, equipment, accounts receivable, inventory and Tax Increment Financing.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2007	goggleWorks II Arts Center	PA	Reading	Economic Development	The City of Reading will use the Section 108 proceeds, through the non-profit Our City Reading, Inc., to finance the goggleWorks II Arts Center project. Our City Reading will assist with the environmental remediation and redevelopment of the five story, 60,000 square foot former Wilson eyeglass factory building to transform the facility into a multi-purpose arts center. The Center is an expansion of goggleWorks I and will include 24,000 square feet of artist studios; 10,000 square feet of dance, photo, jewelers, and woodworking space; 4,000 square feet of art galleries; 3,800 square feet of rehearsal and creative writing space; 2,200 square feet of office space; 12,000 square feet of common are which includes corridors, stairs, elevators, and restrooms; and 1,000 square feet of storage space. The net usable building space is 57,000 square feet. The City will use the Section 108 Guaranteed Loan to finance the project's construction costs and $500,000 in BEDI funds will also be used to finance site remediation. The Community Development Block Grant (CDBG) national objective for the City's use of guaranteed loan funds is to benefit low-moderate income persons through job creation. The City estimates that the project will create 46 full time or equivalent jobs of which at least 51% will be held by or available to low-or moderate-income persons.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2007	Pittsburgh Technology Center	PA	Pittsburgh	Economic Development	The City of Pittsburgh will re-lend the Section 108 proceeds to the City's Urban Redevelopment Authority (URA) to purchase a parcel of the Pittsburgh Technology Center (PTC) site to build and lease a 150,000 square foot office and laboratory facility. The URA will work with the Ferchill Group, a local for-profit developer, and their affiliated national developer, J. Christopher Enterprises. In 1983, the URA purchased the 48-acre former Jones & Laughlin Steel Mill facility and has since redeveloped the site into the Pittsburgh Technology Center. Thus far, the URA has developed eight of a possible 22 parcels for approximately 687,000 square feet of office space for commercial, office, and academic research activities. Since inception, the development has helped create almost 2,500 jobs since 1993. To support the office and laboratory facility, existing nearby businesses, and future development, the URA will use Section 108 Guaranteed Loan to construct a 723-space parking garage adjacent to the facility. The URA will utilize a BEDI award of $900,000 in conjunction with the $2,000,000 Section 108 Guaranteed Loan and another $1,000,000 BEDI grant in conjunction with the $5,500,000 Section 108 Guaranteed Loan. Pending approval, the URA will provide one additional Section 108 Guaranteed Loan of $3,000,000 in conjunction with a $1,100,000 BEDI grant to fund street and utilities relocation within the PTC. The Section 108 and BEDI funds will be paired with URA internal funding, Pittsburgh Development Fund loans, State Infrastructure Development grants and contributions from the PTC Fund for a total project cost of approximately $18,644,000. The Community Development Block Grant (CDBG) national objective for the City's use of guaranteed loan funds is to benefit low-moderate income persons through job creation. The City estimates that construction of the garage facility will create 386 full time or equivalent jobs of which at least 51% will be held by or available to low-or moderate-income persons. The URA will repay the Section 108 financing over a two-year term. At the end of the two year term, the URA will utilize a state Redevelopment Capital Assistance Program grant of $5,400,000 to pay down the principal amount. The URA will utilize funds from Pittsburgh Technology Center Fund to repay the remaining principal balance and interest payments. To secure repayment, the City pledges its future CDBG funds and additional collateral from the URA.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2007	Home Improvement Program	TX	Denton	Housing	The City of Denton will use the Section 108 proceeds to rehabilitate 14 to 20 homes under the City of Denton's existing Home Improvement Program (HIP). To qualify for the program, a property must exhibit one or more building code deficiencies and need at least $5,000 in repairs. The first priority will be to correct building code violations. The HIP provides low interest loans to owner-occupied low-and moderate-income households. The City will re-lend Section 108 guaranteed loan proceeds to qualified participants for housing rehabilitation. The Section 108 funds will be provided in conjunction with $1,000 in owner funds for a total project cost of $501,000. The Community Development Block Grant (CDBG) national objective for the City's use of guaranteed loan funds is to benefit low-moderate income persons through housing activities. The City will repay the Section 108 Guaranteed Loan over a 20-year period and will use program income from HIP to repay the guaranteed loan. To secure repayment, the City pledges its future CDBG funds and first or second liens on the homes of program participants at 100 percent of the HIP loan amount.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2007	Economic Development Loan Pool	VA	Richmond	Economic Development	The City of Richmond will use the Section 108 guaranteed loan proceeds, through the Department of Economic Development (DED) and the National Development Council (NDC), to create a business loan pool for financing projects that bring positive economic and community development benefits to targeted neighborhoods. The City will give funding priority to projects located in the City's Enterprise Zone Areas, Broad Street Community Development Area and Rocket's Landing Area. However, the City is willing to provide business loans to eligible borrowers outside of these targeted areas. The City will use the Section 108 Guaranteed Loan for the business loan pool to assist for-profit businesses in carrying out a wide variety of activities including the acquisition of real property, construction, site preparation, demolition and clearance, and the purchase of machinery and equipment. The Community Development Block Grant (CDBG) national objective will be met through the creation of jobs for low-or moderate-income persons. The City estimates that its economic development loan pool will directly create 198 full time or equivalent jobs of which at least 51% will be held by or available to low-or moderate-income persons.The City will repay the Section 108 Guaranteed Loan over a 20-year period, paying interest only for the first three years. Project revenues from the economic development activities will be used to repay the guaranteed loan. To secure repayment, the City will pledge its future CDBG funds and various sources of collateral based on individual third-party loans.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2007	Economic Development Loan Fund	WA	Tacoma	Economic Development	The City will use the Section 108 guaranteed loan proceeds, through the Community and Economic Development (CED) Department, to fund an economic development loan fund to provide financing to various third-party business entities, primarily located in the City's HUD Designated Renewal Community (RC). The City has identified three potential commercial projects for which it will provide guaranteed loan assistance in the RC: Elks Building, Stadium Partner, and Sharp Project. The Elks Building is a vacant historic property that developer Williams and Dame intends to rehabilitate and put back in active use. Stadium Partners is a partnership between several local businesses to build a mixed use development with over 90,000 square feet of retail space, 150 market rate apartments and underground parking on an existing auto dealership car lot. Sharp Project is a mixed use development of approximately 526,000 square feet, including 140 residential units and over 100,000 square feet of commercial space. The CED is eligible to use the Section 108 Guaranteed Loan for activities including property acquisition, clearance, demolition and removal, site preparation, housing rehabilitation, economic development and public facilities improvement. The Community Development Block Grant (CDBG) national objective will vary by individual loan and will be reviewed prior to loan disbursement by HUD's Seattle Field Office. The City estimates that its economic development loan fund will cause the creation of approximately 200 new full time or equivalent jobs of which at least 51% will be held by or available to low-or moderate-income persons. The City will repay the Section 108 Guaranteed Loan over a 20-year period, paying interest only for the first two years. Project revenues from the economic development activities will be used to repay the guaranteed loan. To secure repayment, the City will pledge its future CDBG funds and various sources of collateral based on individual third-party loans.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2007	Economic Development Loan Fund	WA	Vancouver	Economic Development	The City will use the Section 108 proceeds to establish a business loan fund that will assist existing businesses and bring new business development to distressed areas of the City of Vancouver. The Loan Fund will also make financing available to non-profit service providers, via subrecipient agreements. While the Loan Fund will make financing available to Business Borrowers and Subrecipients for any and all distressed areas within the City, the Loan Fund will focus primarily on the Vancouver City Center, the Fourth Plains Area, and the Vancouver National Historic Reserve. The Vancouver City Center is part of a HUD-designated Neighborhood Revitalization Strategy Area ("NRSA"), which was approved on June 30, 2006. The City's Fourth Plains Area is the subject of a new NRSA, for which the City plans to submit an application to HUD in late April 2007. The City will use the Section 108 loan to establish the Loan Fund, which will provide loans to for-profit entities and non-profit service providers. The City will also utilize $1,000,000 in BEDI grant funds toward property acquisition and rehabilitation, interest payments on the Section 108 loan, clearance and demolition activities, economic development activities, and for the creation of a debt service reserve. The Community Development Block Grant (CDBG) national objective for the City's use of guaranteed loan funds is to assist low-moderate income persons through job creation, area benefit, limited clientele benefit and elimination of slums or blight on a spot basis. The City estimates that the project will create 200 full time or equivalent jobs of which at least 51% will be held by or available to low-or moderate-income persons. The Seattle Regional Office will review each loan from the Loan Fund to ensure that each loan will finance an appropriate eligible activity. The City will repay the Section 108 Guaranteed Loan over a 20-year period and repayments from business borrowers and subrecipients will be used to service the guaranteed loan. To secure repayment, the City will pledge its future CDBG funds and various sources of collateral including first liens on real property, personal guarantees, equipment, accounts receivable and inventory based on individual third-party loans.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2007	Municipal Parking & Cemetery Project	PR	Toa Alta	Public Facilities	The Municipality of Toa Alta will use the Section 108 proceeds to finance construction for the following two projects: The Municipal Parking with Multi-Purpose Facility and the Municipal Cemetery and Mausoleum. Each of these building will provide handicapped person accessibility in compliance with the Americans for Disability Act (ADA). The activities below serve the entire jurisdiction. 1. Municipal Parking and Multi-Purpose Community Building ($6,221,000): The Municipality will finance the construction of a three story building, approximately 99,729 sq. feet made up of steel structure and concrete walls located on a main corner street in the downtown area, Muñoz and Palmer Streets. The project site is owned by the Municipality. The first two levels will be public parking and the third level will be a multipurpose facility. The complex will include private visitors parking in the basement and ground level floors, Public Cars (Shuttles) Transportation Terminal, and multipurpose halls and individual meeting rooms on the third level floor to accommodate 1,500 persons. The Municipality does not have a public parking facility for local residents to park their vehicles to shop in the downtown business district and/or go for governmental, and medical services. 2. Municipal Cemetery and Mausoleam ($1,665,000): The Municipality will finance the construction of a Municipal Cemetery and mausoleum on approximately 18.027 acres of land owned by the Municipality located on State Road #165 at Contorno Ward. The complex will include construction of a two level building that will contain: chapel, shelter/ meeting room, construction of a bridge connecting the Mausoleum and the Chapel, retaining walls, sidewalks and curbs, parking lot, roadways, access road to the Cemetery, and security fence. The Municipality will use the Section 108 Guaranteed Loan to finance acquisition, construction, reconstruction, rehabilitation, or installation of public facilities, public streets, sidewalks, and other site improvements and public facilities. The Community Development Block Grant (CDBG) national objective for the City's use of guaranteed loan funds is to benefit low-moderate income persons through area benefit. The service area for these eligible activities is primarily residential and encompasses the entire jurisdiction of the Municipality. According to the Census 2000, 51.2 percent of the Toa Alta population is comprised of low- and moderate-income persons. The City will repay the Section 108 Guaranteed Loan over a 20-year period, paying interest only for the first two years. CDBG funds will be used to repay the guaranteed loan and to secure repayment, the City pledges its future CDBG funds and a first lien position on the two project properties.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2007	Colma Transit Village Apartments	CA	Colma	Housing	The County of San Mateo will re-lend the Section 108 proceeds to the BRIDGE Housing Corporation to develop, through its affiliate nonprofit, BRIDGE Regional Partners, 123 affordable units of family housing on a 2.7 acre parcel of triangular property adjacent to the Colma BART Station. The parcel of land acquired resides in unincorporated Colma, San Mateo County. The housing units are restricted to families at extremely-low and very-low incomes and the project conforms to the Colma Area Specific Plan for higher density housing. After acquiring the property, BRIDGE will off a small parcel of land to a market-rate housing builder to generate additional funds to support the project. The County will re-lend the Section 108 proceeds for activities including acquisition, relocation, clearance, demolition and construction for a childcare facility that meets either a limited clientele or housing national objective. The Section 108 funds will be added to $24,000,000 in New Market Tax Credits, $3,000,000 in prior Community Development Block Grant (CDBG) and HOME grants, $9,500,000 in private debt and $3,000,000 in proceeds from the market-rate land parcel sale for a total project cost of approximately $50,000,000. The CDBG national objective for the County's use of guaranteed loan funds is to benefit low-moderate income persons through housing and community services. The childcare facility will principally benefits low and moderate income persons and serve 60 children. The City will repay the Section 108 Guaranteed Loan over a 20-year period. Project revenues and future CDBG funds will be used to pay principal and interest on the Section 108 loan. To secure repayment, the County has pledge a deed of trust for the amount of the Section 108 loan on the land.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2007	White Center Commercial Plaza	WA	King County	Economic Development	King County will re-lend the Section 108 proceeds to White Center Square, LLC, a New Markets Tax Credit Qualified Active Low Income Community Business, to develop a multi-tenant commercial square known as White Center Commercial Plaza. The project includes the construction of two structures consisting of 41,800 square feet with surface and underground parking. The first building will contain an Asian grocery store and a Vietnamese noodle shop operated by the owner-developers, with approximately 17,400 square feet of office space on the second floor, underground parking and storage. The second building is approximately 5,000 square feet and will consist of retail space designed for four shops. White Center Square will use the Section 108 Guaranteed Loan for construction costs associated with the project. The Section 108 fund proceeds will be used in conjunction with New Market Tax Credits of approximately $2,251,000 and approximately $1,391,000 in private financing for a total project cost of approximately $9,466,000. The Community Development Block Grant (CDBG) national objective for the City's use of guaranteed loan funds is to benefit low-moderate income persons in the area served. The area is primarily residential and the County estimates that 11,693 people or 64.5% of the population are residents earning low-to moderate-incomes. Based on these demographics, the $5,250,000 loan will benefit one low to moderate income person per $448 of Section 108 loan funds expended. The County will repay the Section 108 Guaranteed Loan over a 20-year period. Lease revenues from the development will be used to repay the guaranteed loan. To secure repayment, the County pledges its future CDBG funds and interest in a third-party loan secured with a first lien position on the property.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2007	Public Facilities Project	MI	Redford	Public Facilities	The Township of Redford will use the Section 108 proceeds to pave existing gravel roads and streets throughout the Township to improve accessibility. The guaranteed loan proceeds will used to support ongoing street paving activities which the Township has previously financed with Community Development Block Grant (CDBG) funds. The Township has signed an intergovernmental agreement with Wayne County, which will allow the County to carry out all street paving construction. Through the County, the Township will conduct all street paving activity within low-and moderate-income neighborhoods. The CDBG national objective for the Township's use of guaranteed loan funds is to benefit low-moderate income persons in the area served. The Township will repay the Section 108 Guaranteed Loan over a 15-year period and will use future CDBG funds to repay the loan. To secure repayment, the Township pledges its future CDBG funds and tax increment revenue from the Detroit Diesel Corporation Redevelopment project. If the tax increment revenue is deemed insufficient, the Township will additionally pledge general funds to replay the loan.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2007	Superior Linen Supply, Inc.	NY	Middle-town	Economic Development	The City of Middletown will re-lend the Section 108 proceeds to the for profit entity Superior Linen Supply (SLS), Inc. for acquisition of a structure located at 12-16 Stanton Street. SLS, Inc. is presently located in Monroe, New York and is a linen rental and cleaning company to restaurants, caterers, hotels, country clubs and other users. It has less than five employees and its relocation to Middletown will not violate the anti-pirating regulations. The City will lend the Section 108 guaranteed loan proceeds to the for profit entity SLS, Inc. for costs related to the property acquisition. SLS, Inc. will provide $52,000 in equity financing along with $285,000 in funding from Provident Bank for a total project cost of $560,000. The Community Development Block Grant (CDBG) national objective for the City's use of guaranteed loan funds is to benefit low-moderate income persons through job creation. The City estimates that the project will create 9 full time or equivalent jobs of which at least 51% will be held by or available to low-or moderate-income persons. The City will repay the Section 108 Guaranteed Loan over a 20-year period. Debt service payments on the third party loan to SLS, Inc. will be used to repay the guaranteed loan. To secure repayment, the City pledges its future CDBG funds, its interest to HUD in its third party loan to SLS secured by a second lien on real property, machinery and equipment, and the personal guarantee of the owner of SLS.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2007	Point Park Public Facility	WV	Parkers-burg	Public Facilities	The City of Parkersburg will use the Section 108 proceeds to work together with the U.S. Army Corps of Engineers to finance the construction costs to revitalize the city's downtown riverfront area including Point Park. Point Park is a public day-use recreational facility that was built by the Corps in 1981. The park is operated and maintained by the City and lies between the Ohio River and Parkersburg flood wall. The City will use the Section 108 Guaranteed Loan to fill a funding gap for the Point Park project. The Section 108 and funds will be provided in conjunction with state and local funds for a total project cost of approximately $11,000,000. The Community Development Block Grant (CDBG) national objective for the City's use of guaranteed loan funds is to benefit low-moderate income persons in the area served. The City has determined that residents who live within 1.5 miles of the project have a low-to moderate-income percentage of 61.7%. The City will repay the Section 108 Guaranteed Loan over a 20-year period and future CDBG funds will be used to repay the guaranteed loan. To secure repayment, the City has pledged general fund and Memorial Bridge toll proceeds.

Year	Project Name	State	City	Category	Descriptions from the HUD Web Site or the Project Files (unedited)
2007	Ashley River Center	SC	North Charleston	Economic Development	The County of Charleston will re-lend the Section 108 proceeds to Ashley II of Charleston, LLC to redevelop a 78-acre abandoned brownfield site into the Ashley River Center, a multi-use facility in the Lowcountry area of the City of North Charleston. The Lowcountry area is physically and economically blighted, with a poverty rate in excess of 39% in the area that surrounds the Ashley River Center. Formerly the home of a fertilizer plant, the site's soil and ground water is contaminated with arsenic, lead, and high concentrations of acid due to low pH levels. Upon full build-out, the Ashley River Center will comprise 120,000 square feet of office space, 70,000 square feet of retail space, a 150-room hotel, and 250 for-sale condominiums and/or apartments, and public greenspace. The County will use the Section 108 Guaranteed Loan in two ways. First, the County will utilize $6,500,000 of the Section 108 funds towards land acquisition, site remediation, public infrastructure improvements, and the construction of public greenspace. Second, the County will lend $1,500,000 of the Section 108 funds to the developer, who will utilize the proceeds towards the rehabilitation of an office building within the site. Additionally, the County will utilize $1,430,000 in BEDI grant funds toward the payment of interest on the Section 108 loan. The Section 108 and BEDI grant funds will be provided in conjunction with $3,800,200 in Municipal Improvement District Funds, $14,238,984 in Tax Increment Financing (TIF) bonds, $19,769,325 in private equity, a $3,500,000 contribution from Exxon Mobil and $105,651,175 in private debt and mortgages for a total project cost of $156,389,484. The Community Development Block Grant (CDBG) national objective for the City's use of guaranteed loan funds is to benefit low-moderate income persons through job creation. The City estimates that the project will create 575 full time or equivalent jobs of which at least 51% will be held by or available to low-or moderate-income persons.

Appendix F: Section 108 Overlap Program Descriptions

The following contains the description of the Section 108 program and several federal programs that are often thought to be similar or provide elements of the same type of opportunities that the Section 108 program affords communities. This is an addendum to the section in Chapter 3 that deals with program overlap.

Department of Housing and Urban Development – Section 108

The Section 108 program is a loan guarantee provision of the Department of Housing and Urban Development (HUD)'s Community Development Block Grant (CDBG) program. Many of the rules that govern the Section 108 program are similar to the CDBG program; there are national objectives requirements, eligible activities criteria, level of public benefit criteria, and requirements to document job creation and public benefits. Participants who qualify for this program are CDBG entitlement communities (which are principal cities of at least 50,000 people or cities within metropolitan areas of at least 200,000), as well as non-entitlement communities (which consist of all states including Puerto Rico but excluding Hawaii). Under this program, Section 108 grantees can borrow up to five times the amount of their annual CDBG entitlement from HUD by pledging their current and future CDBG allocations to cover the loan amount as security for the loan. In doing so, grantees are able to leverage their CDBG funds into federally guaranteed loans sizable enough to undertake or support large-scale projects such as physical and economic revitalization projects that otherwise would not be possible with their smaller annual CDBG allocations.

All activities and projects must either principally benefit low- and moderate-income persons, aid in the elimination or prevention of slums and blight, or meet urgent needs of the community. Activities include but are not limited to housing rehabilitation, construction or improvements for public facilities (sidewalks, streets, utilities, etc.) and large-scale physical development projects (hotels, retail shopping centers, business incubators, and manufacturing), as well as loan pools.

Projects are supported by private equity and financing as well as with other various federal, state or local funds. Very often Section 108 loan guarantees are paired with Economic Development Initiative (EDI) or Brownfields Economic Development Initiative (BEDI) grants, which are HUD-administered grant programs that were established to be used with Section 108 grants to serve the purpose of enhancing the security or viability of the project. EDI and BEDI grants are also used to pay predevelopment costs, write-down interest rates, or establish a debt service or loan loss reserve. Numerous Section 108 projects have been paired with other federal tax incentives (e.g. New Markets Tax Credit (NMTC), Historic Tax Credit (HTC) or Low Income Housing Tax Credit (LIHTC)), or federal grants (e.g. CDBG); or state or local tax or grant programs. From FY 2008 to FY 2009, HUD approved nearly $475 million in loan guarantees (CFDA). The average amount from a sample of 322 projects approved from 2002-2007 was approximately $4.91 million and ranged from as low as $145,000 to as high as $72.5 million.[20]

[20] This sample includes the total number of approved projects from FY 2002-2007 but excludes projects that: (1) are under investigation by the HUD Inspector General, (2) encompass multiple geographies, and (3) are located in Puerto Rico.

Federal Economic and Community Development Programs Potentially Overlapping the Section 108 Program

1. Department of Agriculture – Business and Industry Guaranty Loan Program

The U.S. Department of Agriculture (USDA) established the Business and Industry (B&I) Guaranty Loan Program to help improve the economic and environmental climate of rural communities through the provision of loan guarantees. Borrowers work with a local lending agency (e.g., banks or credit unions), which in turn seeks a guarantee from Rural Development, USDA's agency responsible for administering more than 40 federal rural development assistance programs. Eligible borrowers include individuals or public bodies, for-profit or non-profit cooperative organizations, corporations or partnerships, or Indian tribes (or other federally recognized Tribal groups) settled on federal or state reservations. The size of the loan guarantee varies depending on how large the loan is. Under current regulations, for loans of $5 million or less, the maximum guarantee is 80 percent. For loans ranging between $5 and $10 million, the maximum guarantee is 70 percent, and for loans that exceed $10 million, the maximum guarantee is 60 percent. Repayment for loans cannot exceed 30 years for real estate, 15 years for machinery and equipment, and seven years for working capital. Funds can generally be used for any project as long as it meets one of the program goals: increasing employment opportunities, improving the environmental climate, conserving water, or encouraging solar or other renewable energy systems. Funds have been used to acquire businesses to prevent job losses or business foreclosures, as well as for purchasing land, building, machinery or other working capital and for repairing or modernizing dilapidated buildings. During FY 2008, Rural Development guaranteed $1,391 million in loans; in 2009 they guaranteed $993 million in lending. Guaranteed loans ranged anywhere from $35,000 to $17.5 million and averaged approximately $2 million (CFDA).

2. Department of Agriculture – Community Facilities Program

USDA oversees the Community Facilities Program, which provides three types of financial assistance: grants, direct loans, and loan guarantees. The program was created so that rural areas and towns with a population of 20,000 or less would have the financial capacity to develop, expand, or improve their essential community facilities (GAO, 2000). For all three types of assistance, those who are eligible to apply include non-profit organizations, municipalities, counties, and Indian tribes (or other federally recognized tribal groups) settled on federal or state reservations. The highest priority, however, goes to projects located in communities with fewer than 5,000 people or where the median household income is below the federal poverty line (or below 60 percent of the state non-metropolitan median household income).

Under the grant program, USDA provides assistance of up to 75 percent of project costs; in most instances, projects leverage private financing and/or other federal grants. Grants can be used for a wide range of projects, such as dental and health clinics, libraries, childcare facilities, museums, fire trucks, and airports. USDA prioritizes projects that provide healthcare, public safety, or public and community services. Funds are prohibited from being used to pay any annual recurring costs or for facilities that would be used for commercial purposes, to construct or repair gas or electrical equipment, or buildings for state or federal agencies. In FY 2008, USDA distributed $20 million in project grants and $21 million in 2009. Grants ranged from a low of $415 to a high of $173,000 and averaged $29,000 during both years (CFDA).

The direct loan program provides loans to projects that would not have been able to receive financing otherwise. Loans can be used for the development of public, health, and recreational facilities; acquisition of land; purchase of working capital and other equipment; and refinancing existing debts, under various restrictions. Interest rates are fixed and arranged in three tiers: the "poverty rate" is set at 4.5 percent, the market rate is "indexed to the eleventh bond buyers' rate as determined by the U.S. Treasury Department," and the intermediate rate is set halfway between these two rates (USDA Rural Development). Interest rates are determined based on: (1) the median household income of the area where the project is being constructed or improved and (2) the type of project. Borrowers have up to 40 years to pay off their loans and loans cannot exceed the life of the project's usefulness as well as the duration of the applicant's authority. During FY 2008, the total volume of direct loans was $363 million, while in 2009, total allocations fell to $303 million. For direct loans, project funds ranged anywhere from $5,000 to $9 million in fiscal year 2009. The average loan size was $665,000 (CFDA).

Under the loan guarantee program, USDA works with lenders, who are committed to developing or improving essential community facilities in rural areas by providing loan guarantees for up to 90 percent of a loan. Interest rates can either be fixed or variable and are negotiated between the lender and borrower. The agreed-upon interest rate may also be subject to review by USDA. Borrowers must provide security to lenders by pledging either their real estate, equipment, accounts receivable, or assured income. The maximum repayment term for a loan cannot exceed 40 years. USDA guaranteed $229 million in loans under the Community Facilities program in fiscal year 2008 and $226 million in 2009. Loans ranged in size from $25,000 to $18 million. The average loan guaranteed was for $1.8 million (CFDA).

3. Department of Agriculture and Department of Housing and Urban Development – Empowerment Zones and Enterprise Communities

The Empowerment Zone and Enterprise Community (EZ/EC) program is overseen by both HUD and USDA and is intended to be a comprehensive approach to addressing the problems of distressed communities, both urban and rural. HUD oversees urban EZ/ECs, while USDA oversees rural EZ/ECs. The primary purpose of the program is to attract or retain jobs and businesses in distressed communities. The EZ/EC program provides Social Services Block Grants, to public and private entities for social services and community redevelopment, in addition to tax benefits to local business over a 10-year period. Businesses located within the EZs/ECs (1) receive tax credits on the wages paid to employees who live and work in the zones, called the EZ/EC employment credit; (2) deduct higher levels ($20,000 increase) of depreciation expenses than other businesses; and (3) borrow, at low interest rates, funds raised from the sale of tax-exempt bonds issued by the state or local government to be used for facilities and/or land (GAO, 1998). To be considered for these programs, communities must be nominated by one or more local governments and the state or states in which they are located and must meet specific criteria such as geographic size and poverty rate. Selected communities must prepare a strategic plan for implementing their program, highlighting how they are going to create economic opportunity and sustainable community development, build broad participation among community-based partners and describe a strategic vision for change in the community. Each EZ/EC must spend its grant funds in accordance with its strategic plan which includes goals and measures (GAO, 1998). Communities have received between $123,000 and $40 million through the EZ/EC program. USDA allocated $8.1 million in fiscal year 2008 and in 2009 for rural EZ/ECs. There were 25 projects funded over both years for an average funding amount of $325,160. On December, 31, 2009, all rural EZ/EC programs expired, resulting in no appropriations for 2010 (USDA). The most recent funding for urban EZs was in 1999 when HUD allocated $384 million to 15 communities. Each EZ received $25.6 million to spend during fiscal years 1999-2005 (Round 2) (Haines, 2010).

4. Department of Agriculture – Rural Economic Development Loan and Grant Program

The Rural Economic Development Loan and Grant Program (REDLG) is a federal program managed by USDA that provides funding to rural projects through local utility organizations that act as intermediaries. To be eligible to receive assistance from Rural Development, utility organizations must be either a non-profit electrical, telephone or telecommunications cooperative, or have borrowed under the Rural Electrification Act.

The loan program, referred to as REDLoan, offers zero interest loans to local utilities, which in turn make these loans available to local businesses that plan to invest in economic development activities such as creating or retaining employment opportunities in rural areas. Local businesses are then responsible to lending utilities for paying off the loans, while lending utilities are responsible to Rural Development for repayment. The maximum loan amount available to any borrower from a local utility is $740,000.

The grant program, referred to as REDGrant, provides grants to local utility organizations to establish revolving loan funds. Local utilities are required to add 20 percent to every loan they approve and distribute from the revolving loan fund. For example, if a local utility were to allocate a $100,000 loan from the revolving loan fund, the utility must also add $20,000 to the loan, for a total loan amount of $120,000. Similar to the REDLoan program, REDGrant funds must be used to create or retain job opportunities in rural areas. Eligible projects include: start-up venture costs, including working capital; business expansion; business incubators; technical assistance; project feasibility studies; and advanced telecommunications services and computer networks for medical, educational and job training services. Once a local utility decides to terminate the revolving loan fund, they are responsible for repaying the grant to Rural Development. The maximum grant amount for any borrowing utility is $300,000.

A local utility can apply to both programs to leverage their funding, for a maximum of $1,040,000; however separate applications are required. USDA allocated $33 million in REDLG loans in fiscal year 2008 and $37.5 million in 2009, ranging from $500,000 to $740,000 and averaging $635,000 per project. They allocated $10 million in grants in both fiscal years 2008, and 2009, ranging from $280,000 to $300,000 with an average grant size of $292,000 (CFDA).

5. Department of Commerce, Economic Development Administration – Grants for Public Works and Economic Development Facilities

The Public Works and Economic Development Facilities Grants Program is directed by the Economic Development Administration (EDA) of the Department of Commerce. The primary goals of this program are to revitalize and upgrade physical infrastructure (such as water and sewer systems, industrial access roads, industrial and business parks, port facilities, railroad sidings, distance learning facilities, skill-training facilities, and business incubator facilities); to redevelop brownfields or eco-industrial facilities and telecommunication infrastructure; to attract new industry; to encourage business expansion; and to diversify local economies in order to generate or retain long-term private sector jobs and investments. To be funded, a project must be located in a region that meets one or more of the economic distress criteria set out in the program's regulations (13 CFR 301.8). These include high unemployment, low per capita income, outmigration, underemployment, or a Special Need (as determined by EDA). Proposals are accepted from state and local public and nonprofit organizations but not from individuals, companies, corporations, or associations organized for profit. In general, 50 percent matching is required from the applicant organization. In FY 2008, EDA allocated $170 million in Public Works grants with an average of $1.1 million per grant and ranging from $69,000 to $4 million. In 2009, the total allocation dropped to approximately $129 million (CFDA).[21]

6. Department of Housing and Urban Development – Brownfields Economic Development Initiative / Economic Development Initiative Grants

HUD oversees the Brownfields Economic Development Initiative (BEDI), a grant program that works in collaboration with Section 108 loan guarantees. Grants provided through BEDI are used to redevelop brownfields—sites of commercial or industrial uses that are left abandoned with real or potential environmental contamination. BEDI grants serve as extra security for large-scale Section 108 projects. Similar to Section 108, eligible grantees only include those who are CDBG recipients and eligible projects are mandated to meet one of the national objectives outlined under the CDBG program. HUD did not allocate any BEDI grants in 2008; in 2009, HUD allocated five BEDI grants, totaling $8.1 million. BEDI grants ranged from $1.0 to $2.0 million, averaging $1.6 million.

The Economic Development Initiative (EDI) program was enacted in 1994 and is also funded and managed by HUD. Like BEDI, EDI must be used with Section 108 Loan Guarantees and must meet one of the national objectives of the CDBG program. The program supports Section 108 loan guarantees so that large scale projects are more feasible and loans

[21] The Annual Report, produced by the Economic Development Administration, for FY 2009 has not yet been released; therefore, ranges and averages only account for grants approved in FY 2008.

guaranteed are more secured. The only difference between the two programs is that EDI grants can be used for any type of building structure, whereas BEDI can only be used to redevelop brownfields. The EDI program has not been appropriated funds since fiscal year 2001. In that year, there were about 15 grants distributed, ranging from $100,000 to $1 million. The total appropriations for the year were about $7.8 million with an average of about $299,400.

7. Department of Housing and Urban Development – Community Development Block Grant Entitlement Cities and State's Program/Non-Entitlement Communities

The Community Development Block Grant (CDBG) program, administered by HUD, allocates formula-based grants annually to cities, counties, and communities throughout the country. CDBG contains both the Entitlement Cities Program and State's Program/Non-Entitlement Communities.[22] Under the Entitlement Cities program, HUD determines CDBG grants based on several factors: poverty level, population, housing overcrowding, age of housing stock, and population growth lag. Grantees must be principal cities in Metropolitan Statistical Areas or other metropolitan cities with populations of at least 50,000, and qualified urban counties with populations of at least 200,000 (excluding the population of entitled cities). The program provides grants to cities and counties to develop viable urban communities that have decent housing, safe and clean living environments, and economic opportunities for low- and moderate-income persons. Once entitlement cities and counties receive their grant, they have wide latitude in determining how funds are spent and allocated, provided they meet specific national objectives. These include targeting benefits to low- and moderate-income individuals, addressing community health and social needs, and eliminating or preventing areas from becoming blighted or turning into slums. Development activities include a range of community and economic development, neighborhood revitalization, or improved community facilities and services. During fiscal year 2008, HUD allocated over $2,510 million on Entitlement Cities grants; in 2009 the total was slightly higher at $2,540 million. Grants ranged from as low as $72,000 to as high as $178 million and averaged $3.0 million (CFDA).

The State's Program/Non-Entitlement Communities works very similarly to the Entitlement Cities program. Under this program, 49 state governments and the Commonwealth of Puerto Rico are eligible to receive grants.[23] Like the Entitlement Cities program, states and non-entitlement communities must meet at least one of the same national objectives. Additional allowance of up to three percent of the grant amount can be allocated to grantees; however, they must match these funds dollar for dollar. From fiscal years 2008-2009, project grants ranged from $2 million to $73 million, with an average amount of $22 million. The total volume of grants for fiscal year 2008 was $1,076 million and $1,091 million in 2009 (CFDA).

8. Department of Housing and Urban Development (HUD) – HOME Investment Partnerships Program

The HOME Investment Partnership Program is managed by HUD and has the overarching goal of providing affordable housing to very low- and low-income households. Specifically, the program seeks to expand the capacity of nonprofit housing providers as well as to support planning and implementation of state and local government affordable housing strategies. All states are automatically qualified to participate in the program. For individual cities and counties to be eligible, their CDBG allocation must be equal to or greater than the minimum threshold of $750,000. If an individual city or county cannot meet the minimum threshold, it can form a consortium in a legally binding agreement with contiguous jurisdictions.[24] The consortium must have a combined

[22] In addition, CDBG includes funding for the Special Purpose Grants/Insular Program and the Technical Assistance Program.

[23] The State of Hawaii made the decision not to participate in the program and as a result, HUD allocates the state's share to three non-entitled Hawaii counties: Hawaii, Kaui and Maui.

[24] In an event that the jurisdiction has a CDBG allocation of less than $750,000, the jurisdiction can also qualify for HOME funds if : (1) it has a "local PHA that has demonstrated a capacity to carry out the provisions of this part, as evidenced by satisfactory performance under one or more HUD-administered programs that provide assistance for activities comparable to the eligible activities under this part, and (2) The State has authorized HUD to transfer to the unit of general local government a portion of the State's allocation or the State, the unit of general local government, or both, has made available its own resources such that the sum of the amounts transferred or made available are equal to or greater than the difference between the unit of general local government's formula allocation and $750,000" (24 CFR Part 92)

CDBG allocation equal to or greater than $750,000. The HOME program allocates funds, determined by a formula that reflects relative housing needs, on a yearly basis to participating jurisdictions (PJs). HUD sets aside 40 percent of the funds for states and 60 percent for cities, urban counties, and consortia collectively. In turn, a PJ must set aside a minimum of 15 percent of its annual allocation for activities that are undertaken by qualified Community Housing Development Organizations (CHDOs) or nonprofit housing providers. The remaining 85 percent can be used for project grants, direct loans, loan guarantees or other forms of credit enhancement, or rental assistance or security deposits tailored to the needs of the community. PJs may choose to purchase, build, or rehabilitate new or existing housing for affordable rental or ownership housing, or to directly provide some form of rental assistance to low-income individuals. HOME funds may also be used for site acquisition or improvement, demolition of dilapidated housing or relocation expenses for residents displaced by demolition or rehabilitation efforts. Funds may not, however, be used to develop or modernize public housing or the operating funds for such, to develop luxury housing, to build reserve accounts, to match funds for other federal programs, to finance Section 8 tenant-based assistance, or to finance activities under the Low Income Housing Preservation Act. HUD also has a list of other mandatory requirements:

- At least 90 percent of families who reside in rental HOME-assisted housing must have incomes that are no more than 60 percent of the HUD-adjusted median family income for the area;
- Those directly receiving rental assistance cannot earn more than 80 percent of the area median income;
- HOME-assisted rental units cannot exceed HOME rent limits set forth annually by HUD;
- HOME-assisted homebuyer and rental housing must remain affordable for a minimum of five to 15 years, depending on the level of HOME subsidy provided; and
- PJs must match their HOME funds (25 cents from nonfederal sources must be matched for every dollar of HOME funds used).

During FY 2008 and FY 2009, HOME grants ranged from as low as $276,000 to as high as $125 million and averaged about $2.8 million. For 2008, HUD allocated $1,654 million in project grants, which increased to $1,825 million in 2009 (CFDA).

9. Department of the Treasury – Bank Enterprise Award

The Bank Enterprise Award (BEA) program, operated by the CDFI Fund in the Department of the Treasury, works with financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC) and have financed community and economic development activities in impoverished communities. The program's goal is to encourage banks of all sizes to increase their investments in CDFIs, and thereby bolster lending to distressed areas. Unlike prospective grant programs, which give awards to applicants based on their plans for the future, the BEA program is retrospective, awarding applicants for activities that they have already completed (GAO, 2006). The BEA program gives grants to applicant banks on the basis of their increased lending or investment activities from one year to the next. The CDFI Fund does not restrict in any way what awardees use BEA grant funds for.

Applicants may apply for BEA funds to provide financing to a CDFI (including equity investments, grants, loans, and deposits); to directly provide financing activities for distressed communities (including affordable home mortgage and housing development loans, small business loans, or education and commercial real estate loans); or to increase consumer financial services available in service areas. The CDFI Fund calculates the level of BEA grant funding available using different metrics for different activities supported, as well as the bank's size. The average BEA grant in FY 2008 was $387,000 and ranged from $6,000 to $675,000. In FY 2008, the CDFI Fund allocated $20 million in grants, which rose to $22 million in 2009 (CFDA).

10. Department of the Treasury and Department of the Interior – Historic Tax Credit

The National Park Service (NPS) in the Department of the Interior and the Internal Revenue Service (IRS) in the Department of the Treasury, jointly manage the Historic Tax Credit (HTC) Program. Enacted by the Tax Reform Act of 1976, the program's goal is to "encourage the rehabilitation of historic buildings….and to attract new private capital in some of the nation's historic city cores and Main Street towns" (Comptroller of the Currency, 2009). For property owners to participate in the HTC program, their buildings must first be certified and listed in the National Register of Historic Places. The certification process consists of property owners completing the three-part historic preservation certification application. Upon certification approval, property owners receive tax credits worth up to 20 percent of qualified renovation expenditures.[25] Qualified expenditures include the costs of rehabilitating walls, partitions, floors, ceilings, windows, doors, air conditioning/heating systems, plumbing and plumbing fixtures, other related building construction, and specific fees (Comptroller of the Currency, 2009). Expenses related to the acquisition or furnishing of the building, new additions, or new construction, parking lots, sidewalks, landscaping, or other related facilities are not eligible for HTCs. Commercial, industrial, agricultural or rental properties are eligible for HTCs, but a property owner's private residence is prohibited. All submitted projects must conform to the Secretary of the Interior's Standards for Rehabilitation and the IRS's tax requirements.[26]

If developers of HTC projects cannot directly use the tax credits, they can sell the credits to third parties to raise funds for the project. In FY 2008, NPS allocated $1.1 billion in tax credits, averaging $916,000 per project and ranging from $4,300 to $32 million. During FY 2009, NPS approved 1,044 projects for a total of approximately $939 million allocated in tax credits. The average amount of tax credits allocated per project was about $899,800 and ranged from $6,200 to $63 million (Staveteig, 2010).

[25] Upon completion of a project, the property owner must hold the building for five full years to realize the full 20 percent tax credit. If the owner elects to sell the property before that period ends, the owner must pay back part or all the credit, depending on how long s/he held the property.

[26] For a list of these standards see: http://www.nps.gov/history/hps/tps/tax/rehabstandards.htm.

11. Department of the Treasury – Low Income Housing Tax Credit

The Low Income Housing Tax Credit (LIHTC) program, operated by the Internal Revenue Service (IRS), channels federal tax credits to private investors who invest in the development of affordable rental housing. The IRS allocates housing tax credits to state housing finance agencies (HFAs). State HFAs have two years to award housing tax credits to prospective projects through a competitive process.[27] State HFAs "set goals for the program, review projects proposed by for-profit and nonprofit developers, monitor the reasonableness of project costs and take responsibility for ensuring that projects stay in compliance and that approved projects receive only the tax credits necessary to make the project work" (Cummings and DiPasquale, 1999). Developers receive the tax credits from a state HFA and, in turn, sell the credits to investors to raise capital (or equity) for their projects. As a result, developers reduce the debt required to build the housing, and therefore, the tax credit property can offer lower, more affordable rents. The benefit for investors is that they receive a dollar-for-dollar credit against their federal tax liability for up to 10 years, assuming the project remains in compliance. Each project receives a specific amount of tax credits based upon the costs of development and the number of qualified low-income units. To determine if a project is eligible for tax credits under the LIHTC program, the proposed project must meet four requirements: the project must be a residential property, must commit to one of two possible low-income occupancy threshold requirements,[28] must restrict rents in low-income units (including utility charges), and must operate under the rent and income restrictions for 30 years or longer.[29] For FY 2007, there was approximately $790 million allocated in tax credits. Project sizes ranged from as low as $22,000 to $2.6 million and averaged $373,000[30] (HUD).

[27] In the event that states do not allocate their tax credits after two years, those credits are returned to a national pool for re-allocation.

[28] Occupancy Threshold requirements: (1) 20-50 Rule: At least 20 percent of the units must be rent restricted and occupied by households with incomes at or below 50 percent of the HUD-determined area median income or (2) 40-60 Rule: At least 40 percent of the units must be rent restricted and occupied by households with incomes at or below 60 percent of the HUD-determined area median income.

[29] Some states require a longer affordability period for all LIHTC properties, and other states may negotiate longer affordability periods on a property-specific basis.

[30] This excludes 50 projects with missing data.

12. Department of the Treasury, Community Development Financial Institutions Fund – New Markets Tax Credit

The New Markets Tax Credit (NMTC) program, administered by the Department of the Treasury's Community Development Financial Institutions (CDFI) Fund, provides incentives for private capital to flow to businesses or organizations situated in low-income, economically distressed communities that otherwise lack financing for community or economic development. All projects involve at least three types of organizations or individuals: Community Development Entities (CDEs), corporate or individual investors, and recipients of the investments (Qualified Active Low Income Businesses or QALICBs).[31] The program works by providing federal tax credits to specialized entities (CDEs) that, in turn, sell these credits to corporations or individuals. The resulting funds support debt or equity investments in qualified businesses. The tax credits received by investors equal 39 percent of the amount invested over seven years. Recipients of the investment, QALICBs, which can be for-profit or nonprofit organizations, carry out the projects using CDE investments and, oftentimes, capital from other sources as well (Abravanel, Pindus and Theodos, 2009). Projects and activities have used NMTCs to develop restaurants, hotels, food services, or other retail space; financial, professional, scientific, management, business, or other office space; industrial, manufacturing, transportation logistics, or warehousing space; housing;[32] health, human, and social service facilities; educational and community facilities; and facilities or space for the performing arts, cultural, entertainment, or other amenities. In addition, QALICBs have used NMTC funds to finance business operations (e.g., start-up, working capital, equipment). NMTC funds cannot be used with projects that are already subsidized by other federal tax programs, with the exception of HTCs and non-tax based federal economic development incentives. The CDFI Fund competitively awards allocations of tax credits to CDEs annually. Those awardees have five years to use or sell the tax credits. For FY 2008 and FY 2009, the CDFI Fund allocated $5 billion each year in tax credits. For all five rounds the average tax credit allocation was $3.5 million and ranged from as low as $2,859 to $140 million (CDFI).

13. Small Business Administration – 7(a) Loan Guaranty Program

The 7(a) Loan Guaranty Program is administered under the U.S. Small Business Administration (SBA) and serves as the primary federal loan program to help qualified small businesses obtain financing. Under the 7(a) program, SBA guarantees loans made by commercial lenders to small businesses for which credit is not otherwise available through private or personal financing. While commercial lenders make the loans directly to the small businesses, SBA is authorized to set the parameters of the loans and is responsible for program oversight. The guarantee assures that if a borrower defaults on a loan, lenders will receive an agreed-upon portion, typically 85 percent of the outstanding balance, on loans of up to $150,000, and 75 percent on loans of more than $150,000, from SBA.[33] The maximum loan amount is $2 million. The maximum loan maturity for real estate and equipment is 25 years; while for working capital or inventory loans, it is 10 years. One of the restrictions set forth by the program is the "credit elsewhere" requirement which mandates that small businesses that are participating under this program may not obtain additional financing from banks without the federal guarantees. Loan proceeds can be used for most business purposes, including working capital and fixed assets (e.g. equipment, land, and buildings), and in limited cases, debt refinancing (GAO, 2004). Nonprofit organizations are not eligible for financing. There are several variations of the 7(a) Loan Program which target certain groups. For example, the Patriot Express Loan Program is specifically geared toward

[31] QALICBs may be pre-existing or newly established businesses or organizations in which (a) at least 50 percent of the total gross income is from the active conduct of a qualified business in low-income communities, (b) at least 40 percent of the use of tangible property of the business is within low-income communities, (c) at least 40 percent of the services performed by the businesses' employees are performed in low-income communities, (d) less than five percent of the average of the aggregate adjusted basis of the property is attributable to collectibles (e.g. art and antiques) other than those held for sale in the ordinary course of business (e.g. inventory), and (e) less than five percent of the average of the aggregate unadjusted basis of the property is attributable to nonqualified financial property (e.g. debt instruments with a term in excess of 18 months).

[32] Housing is an eligible activity only as a part of a mixed-use development where the housing units comprise less than 80 percent of gross rental income.

[33] Under the American Recovery and Reinvestment Act of 2009, Congress required SBA to increase the loan guarantee from 85 percent to 90 percent.

veterans and the Community Express Loan Program supports lending to women, minorities and veterans in underserved communities. According to SBA's FY 2008 and 2009 annual reports, "Summary of Performance and Financial Info"[34] during fiscal year 2008, the total volume of 7(a) loans was $12.7 billion, averaging $180,000 per loan (SBA, 2009). The smallest amount guaranteed was for $50 and the largest was for $1.5 million (Gribben, 2010).[35] In fiscal year 2009, 7(a) loans totaled $9.2 billion and averaged $223,000 per loan (SBA, 2009). SBA guaranteed loans as small as $500 and as high as $1.6 million (Gribben, 2010).

14. Small Business Administration Certified Development Company (504) Loan Program

The 504, or Certified Development Company (CDC), Loan Program is managed by the SBA and provides long-term, fixed-rate financing to small businesses that are otherwise unable to access private funding. Under the 504 program, businesses obtain loans through two different entities: a CDC—a nonprofit corporation set up to contribute to the economic development of their communities or regions—and a private-sector lender. The typical 504 project includes a senior lien from the private-sector lender, covering up to 50 percent of the project costs; a junior lien from the CDC, covering 40 percent of the project costs (backed by a 100 percent SBA-guarantee debenture); and a contribution of 10 percent equity from the small business. Loans can only be used for fixed assets (i.e., to acquire real estate, machinery or equipment for expansion or modernization). The 504 program also has a "credit elsewhere" requirement, restricting loans to creditworthy small businesses that were unable to obtain conventional financing from banks without federal guarantees. The loan cannot be used for working capital or inventory, consolidating or repaying debt, or refinancing. The maximum debenture for businesses other than small manufacturers is $2 million. For small manufacturers, the maximum debenture is set considerably higher, at $4 million (Brash, 2008). The 504 loan limit applies to the second mortgage piece of the 504 program (which is typically 40 percent of a project's total financing). For FY 2008, SBA guaranteed $5.3 billion and averaged $595,000, which decreased to $3.8 billion in 2009 and averaged $580,000 (SBA, 2009). The smallest guaranteed share was for $2,000 in fiscal year 2008; while the smallest was $13,000 the following year (Gribben, 2010). The largest guaranteed amounts were $4 million in both fiscal year 2008 and 2009 (Gribben, 2010).

[34] Figures in these reports include the unguaranteed portions of the loans.

[35] Figures provided by SBA's Director of Performance, Timothy Gribben, do not include the unguaranteed portions of the loans, but are the actual amounts that SBA guaranteed.

Appendix G: Section 108 Expected Uses of Funds

The following provides a summary of the intended uses of funds derived from project descriptions of the 296 Section 108 grantees that were sent surveys by the study team. The table is divided into the 118 respondents that were included in the analysis; those that responded but did not use Section 108 funds or did not respond fully; and nonrespondents. This will give the reader insight into the types of projects funded by respondents as opposed to projects funded by others that were not included in the outcome analysis.

Respondents Included in the Analysis

Category	Expected Uses of Section 108 Funds
Economic Development	Provide financing to help finance a multi-use hospitality complex. Project expected to create 97 new jobs.
Economic Development	Provide a portion of multi-use waterfront economic revitalization project in an urban renewal area.
Economic Development	Finance infrastructure improvements that will enhance a theaters renovation.
Economic Development	Finance the commercial portion of a housing development project. The project is expected to create 15 FT jobs.
Economic Development	The Section 108 proceeds will be used for the following activities: land acquisition, building acquisition, new construction, renovation, machinery and equipment, and working capital.
Economic Development	Loan fund to a non-profit corporation to partially finance the purchase and renovation of deteriorated and/or vacant buildings.
Economic Development	Expected to finance façade improvements in a targeted downtown redevelopment area.
Economic Development	Section 108 funds are expected to include acquisition of land and improvements, rehabilitation, new construction, leasehold improvements, and equipment purchase.
Economic Development	Funds are to help finance a revitalize a motel. This resulting hotel is expected to create 15 new jobs.
Economic Development	Funds will be used to assist with the development of a retail center. The project is expected to generate over 600 jobs.
Economic Development	Funds will be used to develop a convenience shopping center. The project will allow businesses to expand their facilities into areas vacated by businesses moving to the shopping center.
Economic Development	Funds will be used to finance the construction of a number of public improvement projects. These projects will improve pedestrian safety and support other revalidation efforts.
Economic Development	Funds will be used for the acquisition and demolition of numerous residential parcels to carry out the construction of a fire station and open place improvements including a park, playground, ball fields, and lighting.
Economic Development	Funds will be used to assist in the financing of the construction of a 120-room hotel. The hotel will generate 50 new full-time positions.
Economic Development	The Section 108 funds will be used to establish a loan fund, to assist in financing new hotels in the city. Upon establishment, the loan fund will be assist in the building of three or four hotels, which are expected to generate 800 to 1200 new permanent jobs.
Economic Development	Funds will be used to assist in financing a new complex, which consists of a welcome building and office/retail space. The project is estimated to create 84 small businesses and 247 new jobs.
Economic Development	Funds will be used to develop a new business center and low- and moderate-income housing. The project is expected to generate 123 new jobs.
Economic Development	Funds will be used to finance the development of certain parts of the city. Specifically, certain sites are being transformed into mixed-use office, retail, and residential space.
Economic Development	Funds will be used to finance a business loan fund. The project is expected to result in the creation of 175 new full-time jobs.
Economic Development	Funds will be used to create a loan pool targeted towards the redevelopment of buildings damaged by a natural disaster that occurred in 2001 as well as five other sites.

Category	Expected Uses of Section 108 Funds
Economic Development	Funds will be used to capitalize a loan fund. The fund will be used to lower the interest cost to the borrowers using the fund. It will also serve as a loan loss reserve for individual projects. Eligible uses of the fund fall into two categories: real estate loans and business loans. The project is estimated to generate 145 new jobs.
Economic Development	Funds will be used to make a loan to a private developer for economic development activities, such as the creation of commercial office space. The project is expected to generate 150 new jobs.
Economic Development	Funds will be used to establish a business loan, technical assistance, and financial services program.
Economic Development	Funds will be used to finance the development of a retail facility. The project is estimated to create 2140 new jobs.
Economic Development	Funds will be used for the acquisition, demolition, relocation, site remediation, site improvements, and hazardous material remediation costs associated with a retail project. The project is expected to generate 600 new jobs.
Economic Development	Funds will be used to finance project related activities for four separate commercials development projects. The project is expected to generate 650 new jobs.
Economic Development	Funds will be used to assist in financing the construction of a parking garage. The garage is expected to create 200 new jobs.
Economic Development	Funds will be used to provide financing for the development of an arts and cultural center.
Economic Development	Funds will be used to rehabilitate a building into an office/business incubator space. This project is expected to create 228 new jobs.
Economic Development	Funds will be used to finance the site acquisition and construction of a parking garage. They will also be used to assist in financing the development of a restaurant, bookstore, coffee shop, theater, visual arts studio, dance studio, and housing complex.
Economic Development	Funds will be used to make loans to private developers to finance city redevelopment activities. The project will generate 207 new jobs.
Economic Development	Funds will be used to finance the acquisition of real property, demolition, and site preparation in connection with the redevelopment of an industrial park. The project is estimated to generate 164 new jobs.
Economic Development	Funds will be used to develop a conference center. The project is estimated to create 37 full time jobs and 20 FTE jobs.
Economic Development	Funds will be used to assist in financing tenant improvement and capital repairs of common areas at a mall. This project is expected to create 86 new jobs.
Economic Development	Funds will be used to assist with economic development activities. The project is expected to create 120 jobs.
Economic Development	Funds will be used to purchase a parcel of land to build and lease an office, parking garage, and laboratory facility.
Economic Development	Funds will be used to finance property rehabilitation, expansion, and redevelopment of currently vacant land into commercial rental space.
Economic Development	Funds will be used to finance tenant improvements and retail space. The project is expected to generate 191 new jobs.
Economic Development	Funds will be used to provide loans to new and existing businesses wishing to carry out economic development activities. The project is expected to create 100 new jobs.

Category	Expected Uses of Section 108 Funds
Economic Development	Funds will be used to make a loan to a private developer for infrastructure improvements to facilitate the development of two commercial pads. The project is expected to create 143 new jobs.
Economic Development	Funds will be used to carry out commercial economic development activities. These activities are estimated to generate 150 new jobs.
Economic Development	Funds will be used to assist with the acquisition of a vacant plot of land in order to facilitate the upgrading and expansion of the city's airport. This project is estimated to create 836 new jobs.
Economic Development	Funds will be used to purchase a parcel of land to build and lease an office, parking garage, and laboratory facility.
Economic Development	Funds will be used to make loans to businesses. This lending activity will cause the creation of 200 new jobs.
Economic Development	Funds will be used to provide financial assistance for the redevelopment of a plot of land. The project will include the construction of a park and parking facility.
Economic Development	Funds will be used to acquire and prepare land to sell to developers for commercial development. This project is estimated to create 375 new jobs.
Economic Development	Funds will be used to acquire a building and convert it into condominiums.
Economic Development	Funds will be used to finance a parking garage and other public infrastructure improvements.
Economic Development	Funds will be used to make a loan to a company to make improvements to their grounds. The project is expected to cause the City to retain 119 jobs and create 10 new jobs.
Economic Development	Funds will be used to assist with the rehabilitation of a building into office, retail, and restaurant spaces. The project is expected to create 20 new jobs.
Economic Development	Funds will be used to establish a loan fund to provide loans to small businesses. The loans are expected to spur the creation of 80 new jobs.
Economic Development	Funds will be used to provide financial assistance to a company for their development of a business center.
Economic Development	Funds will be used for comprehensive infrastructure improvements.
Economic Development	Funds will be used to assist in the expansion of a company and its assets. The project will ultimately create 340 new jobs.
Economic Development	Funds will be used for the remediation and site preparation of an industrial property and construction of an office complex. The project is estimated to create 172 new jobs.
Economic Development	Funds will be used to develop a portion of an industrial park, which will eventually be sold to businesses for commercial development.
Economic Development	Funds will be used for the acquisition of a piece of land in the City's business district and construction of a mixed use complex. This project will create 120 new jobs.
Economic Development	Funds will be used to develop retail space and rental housing. The project will create 156 new jobs.
Economic Development	Funds will be used to provide financing assistance to a developer to buy and renovate a building to a new office complex. The project will create 15 new jobs.
Economic Development	Funds will be used to redevelop several buildings into retail space and a parking garage.

Category	Expected Uses of Section 108 Funds
Economic Development	Funds will be used to redevelop several parcels of property into a mixed complex of commercial/ retail space, office space, a dinner theater, and parking spaces. The redevelopment is expected to create 390 new jobs.
Economic Development	Funds will be used to provide financial assistance to a company for the development of a hotel into a mixed-use site. The project is expected to generate 400-450 new jobs.
Economic Development	Funds will be used for the acquisition and renovation of a hotel into a new hotel, retail space, and parking garage. The project is expected to generate 374 new jobs.
Economic Development	Funds will be used to assist in establishing a loan fund to promote economic development and revitalization. The fund will finance property acquisition and provide construction and renovation financing to for-profit development entities. The project will create 102 new jobs.
Economic Development	Funds will be used to create a loan fund that will assist existing businesses and help attract new ones to distressed areas in the City. The project is expected to generate 200 new jobs.
Economic Development	Funds will be used to finance business development activities.
Economic Development	Funds will be used to assist with the development of a marketplace and affordable housing units. The project is expected to generate 16 new jobs.
Economic Development	Funds will be used to develop a facility cite into a retail automotive outlet. This project is expected to create 140 new jobs.
Economic Development	Funds will be used to purchase a parcel of land to build and lease an office, parking garage, and laboratory facility.
Economic Development	Funds will be used to redevelop a site into a multi-use facility. The project is expected to generate 575 new jobs.
Housing	Finance the construction of the commercial portion of a mixed use residential and retail project.
Housing	Support homeownership initiative. Project expected to produce 152 affordable housing units.
Housing	Section 108 funding will be used to improve substandard housing. Activities include: interior and exterior repairs to conserve energy and meet housing code standards; handicap accessibility and other safety improvements; and remediation of lead-based paint.
Housing	Funds are expected to finance the acquisition, demolition, and relocation costs associated with the redevelopment of two affordable housing projects (a 79 unit senior complex and an 88 affordable housing complex) on an 8.9 acre site.
Housing	Funds will be used to provide new water and sewer services for a motel and trailer park.
Housing	Funds will use S for acquisition and infrastructure costs associated with the construction of multi-family housing development.
Housing	Funds will be used for the development of rental housing.
Housing	Funds will be used to finance the development of a housing community.
Housing	Funds will be used to carry out site improvements and construction of low-and-moderate-income housing units.
Housing	Funds will be lent to a company to develop low-income housing units as well as a childcare facility.
Public Facilities	Acquire property and to improve infrastructure. The project is part of a neighborhood revitalization project.
Public Facilities	Partially finance the construction of a new 800 space garage.

Category	Expected Uses of Section 108 Funds
Public Facilities	Use proceeds for hard costs to build 5,200 sq. ft. community and childcare center.
Public Facilities	Help rehabilitate a family cancer center.
Public Facilities	Help finance land acquisition, site preparation and construction of a social services center.
Public Facilities	Help finance construction of a library.
Public Facilities	Build a multi-purpose community facility.
Public Facilities	Help finance a senior center project, that will house banking services, postal services, a dividable multi-purpose room, stage, billiard room, beauty salon, computer classroom, conference room, television, audio library, exterior courtyard, and kitchen
Public Facilities	Reconstruction of a public housing site infrastructure.
Public Facilities	Funds are expected to help finance the rehabilitation of the former High School. The rehabilitation will convert the school into a center for social service agencies serving low-income clients.
Public Facilities	This assistance is expected to provide further financing of a three-phase, mixed-use waterfront revitalization project.
Public Facilities	The Section 108 loan will be used by the City for reconstruction of M. L. King Avenue between "O" and Blackstone Streets.
Public Facilities	Funds will be used to finance the implementation of a large-scale, multi-faceted, city renewal project. The project calls for the construction of new mixed-income housing, parks, development of a "Town Center," and some retail space.
Public Facilities	Funds will be used to build a parking garage, which will provide 830 new parking spaces for the area.
Public Facilities	Funds will be used to finance the construction of public facilities improvements. Specifically, the project involves the construction of two bridges and a parking garage, and the development of two additional parcels.
Public Facilities	Funds will be used to assist in the acquirement and improvement of property for an industrial park, dedicated to the food industry. The project is expected to generate 1500 new jobs.
Public Facilities	Funds will be used to assist with the development of a senior citizen center and public improvements consisting of sidewalks, curbs, and gutters.
Public Facilities	Funds will be used to finance the renovation of the city's library.
Public Facilities	Funds will be used to finance the retrofitting of a walk-in refrigerator and freezer for a food bank distribution center.
Public Facilities	Funds will be used to finance activities of a street improvement project. These funded activities include improvements to roadways, crosswalks, new curbs, gutters, and street lighting.
Public Facilities	Funds will be used to finance a variety of infrastructure improvements.
Public Facilities	Funds will be used to finance building improvements and renovations.

Category	Expected Uses of Section 108 Funds
Public Facilities	Funds will be used to rehabilitate a portion of a high school into a youth facility.
Public Facilities	Funds will be used to acquire and rehabilitate a building.
Public Facilities	Funds will be used for the construction of a new drainage facility.
Public Facilities	Funds will be used to assist in the financing of the site acquisition and construction of a children's day care facility.
Public Facilities	Funds will be used to finance the construction of an addition to a learning center.
Public Facilities	Funds will be used to assist in the financing of the construction of a community center.
Public Facilities	Funds will be used to assist in financing the rehabilitation work of a community center.
Public Facilities	Funds will be used to support the redevelopment and construction of public facilities and parks.
Public Facilities	Funds will be used to acquire and renovate an existing building in the Town.
Public Facilities	Funds will be used to finance infrastructure improvements in low-moderate income parts of the city.
Public Facilities	Funds will be used to establish a redevelopment fund that will provide financing to two projects. These projects involve the building of several recreation facilities.
Public Facilities	Funds will be used to provide financial assistance (loan) to a company that will acquire a larger building
Public Facilities	Funds will be used to construct a new fire station.
Public Facilities	Funds will be used to develop a building into housing units and office space in a low-income area.
Public Facilities	Funds will be used to finance the construction costs related to the revitalization of one of the City's prominent commercial areas. In particular, funds will be used to renovate a public recreational facility.

Respondents Not Included in the Analysis

Category	Expected Uses of Section 108 Funds
Economic Development	Help revitalize a complex consisting of 7 vacant buildings. The project is expected to create 37 FTP jobs.
Economic Development	Upgrade portions of business incubator facility and finance associated economic development services. The project is expected to create 170 new jobs.
Economic Development	Finance acquisition of 1.8 acres of land, construction of a 12,000 sq. ft. building and purchase machinery for a pharmaceutical supply center.
Economic Development	Finance a street redevelopment project, which will address distressed conditions in a commercial and cultural hub of the city. The project is expected to create 24 new jobs.

Category	Expected Uses of Section 108 Funds
Economic Development	Funds will be used for economic development activities, land acquisition, relocation, and rehabilitation of an existing office building. The project is expected to create 106 new jobs.
Economic Development	Development of a supermarket as a part of a larger redevelopment project. The project involves site acquisition, relocation, infrastructure, and construction activities.
Economic Development	Finance the development of the retail and theater component of a urban renewal project. The project is expected to create 117 new jobs.
Economic Development	Assist in the construction of an office building. The project is expected to create jobs.
Economic Development	Funds will be lent to a company that will use the money to purchase machinery and equipment, acquisition, selective demolition, payment of interest, and environmental remediation. The project involves the expansion of the company's current facility.
Economic Development	Develop business loan program's economic development activities. The project is expected to create over 1000 jobs.
Economic Development	Assist in financing the construction of an office building. The project is expected to create 286 new jobs.
Economic Development	Finance site preparation, including remediation, demolition, and clearance of deteriorating structures and installation of public utilities as part of an economic revitalization project.
Economic Development	Finance the acquisition of real property to complete the assembling of a site for redevelopment.
Economic Development	Assist in financing the construction of a parking garage. The garage is expected to create 342 new jobs.
Economic Development	Develop a neighborhood shopping mall in a distressed neighborhood. The project is expected to create 36 new jobs.
Economic Development	Finance pre-development costs for a development project. The associated activities include acquisition of real property, relocation payments, clearance, demolition and removal, infrastructure upgrades, and site preparation. The project is expected to create 130 new jobs.
Economic Development	Financing an eligible economic development activity.
Economic Development	Establish a business loan fund that will assist existing businesses and attract new businesses to distressed areas of the city. Loans will also be provided to non-profit service providers and public housing entities. The loan fund is expected to spur the creation of 400 new jobs.
Economic Development	Capitalize a loan fund, which will provide loans to small business start-ups and expansions. These lending activities are expected to spur the creation of 130 new jobs.
Economic Development	Assist a company with the acquisition of business assets. This acquisition is expected to spur the creation of 30 new jobs.
Economic Development	Funds will be used to carry out a community economic development project as part of a Disaster Recovery Strategy.
Economic Development	Funds will be used to capitalize a loan fund.
Economic Development	Redevelopment of a property. The area will be turned into industrial/commercial space. The project is expected to generate 130 new jobs.
Economic Development	Funds will be lent to a company to expand and modernize their facilities. The project is expect to generate 10 new jobs.

Category	Expected Uses of Section 108 Funds
Economic Development	Increase the volume of the revolving loan portfolio of a currently existing loan fund. The project is ultimately expected to spur the creation of 86 new jobs.
Economic Development	Funds will be used for an economic development program, which will spur development in distressed neighborhoods, build community wealth, create new jobs, and attract new businesses. The project is expected to generate 64 new jobs.
Economic Development	Complete a part of the redevelopment of a pier. The project is estimated to generate 35 new jobs.
Economic Development	Develop an independent living facility for the elderly. The project is expected to spur the creation of new jobs.
Economic Development	Expand the city's loan pool program, which has already created 1803 new jobs.
Economic Development	Establish a business loan fund that will assist existing businesses and attract new ones to distressed areas to the city.
Economic Devleopment	Assist in the financing of the remodeling of a business complex. The new office tenants expect to create 130 new jobs.
Housing	Finance the acquisition of 70 houses, which will then be rehabilitated for low- and moderate-income homebuyers.
Housing	Funds will be used toward housing rehabilitation and temporary relocation costs.
Housing	Finance the construction of a neighborhood resource center within a public housing complex.
Public Facilities	Funds will be used to address costs overruns associated with a public facility expansion project. This facility will contain classrooms and education related rooms.
Public Facilities	Finance the construction of a technology park. The project is expected to create 100 new jobs.
Public Facilities	Assist with the implementation of four public facilities projects, which involve the construction of 3 pools and a career center.
Public Facilities	Carry out activities in a redevelopment area. These activities include constructing new sidewalks, curbs, gutters, and other public improvements.
Public Facilities	Assist with public facilities activities. These activities include removing existing structures, streets, and sidewalks, replacing all or most of the infrastructure, and constructing housing units and office space.
Public Facilities	Fund the construction costs of a senior and therapeutic center.
Public Facilities	Fund the construction costs of a senior and therapeutic center.
Public Facilities	Funds will be used to make a loan to a foundation to construct a camp that will provide mental health services.
Public Facilities	Finance property acquisition of five parcels of land, relocation expenses, demolition and related costs, as well as costs directly related to the construction of a facility.
Public Facilities	Finance public facilities and improvements, such as sidewalks, parks, playgrounds, and storm water system improvements.
Public Facilities	Finance the construction of a pool.
Public Facilities	Acquisition of property for a child care center.

Category	Expected Uses of Section 108 Funds
Public Facilities	Assist in financing a transportation center.
Public Facilities	Renovate a homeless outreach center.
Public Facilities	Funds will be used to provide funding to an economic redevelopment agency.
Public Facilities	Assist a company in financing the construction of a parking facility. The project is expected to create 145 new jobs.

Nonrespondents

Category	Expected Uses of Section 108 Funds
Economic Development	Funds will be used for the acquisition of a structure. The project is expected to create 9 new jobs.
Economic Development	Purchase canal cruise boats for a tourism business. Projects expected to create 32 FTP jobs
Economic Development	Purchase furniture, fixtures and equipment for a Dunkin Doughnuts store. The project expected to create 9 FT jobs.
Economic Development	Make façade improvements to buildings in a commercial district.
Economic Development	Fund a loan-reserve account.
Economic Development	Finance the expansion of a restaurant. The project is expected to create 186 FT jobs.
Economic Development	Help renovate and industrial site.
Economic Development	Help finance land acquisition, site preparation, construction of a neighborhood project. The project is expected to create 175 permanent-entry and supervisory jobs.
Economic Development	Help acquire 3 properties in a blighted area.
Economic Development	Construct a megaplex theater project. The project is expected to create 100 FT jobs.
Economic Development	Help finance an arts and cultural center project. The project is expected to create 260 jobs for low- and moderate-income artists.
Economic Development	Funds will be used to help finance the city's hotel project. The project is expected to generate 135 new jobs.
Economic Development	Funds will be used to finance the development of a business park. The park is expected to create 930 new jobs.
Economic Development	Assist in the expansion of local business. Funds will be used to finance acquisition and rehabilitation of a currently vacant office building.
Economic Development	Finance a waterfront revitalization project. The project is expected to generate 43 new jobs.

Category	Expected Uses of Section 108 Funds
Economic Development	Funds will be used to provide loans to businesses expanding or locating throughout the county. The project is expected to create new jobs.
Economic Development	Finance the expansion of a neighborhood preservation project, which involves acquiring and renovating 222 vacant properties.
Economic Development	Finance water, sewer, and road improvements. The project is expected to generate 205 new jobs.
Economic Development	Finance a community project, which involves the construction of a supermarket, retail and restaurant space, childcare center, healthcare center, and housing complex.
Economic Development	Redevelop a site into an industrial and retail complex. The project is estimated to create 622 new jobs.
Economic Development	Acquire land, relocate existing businesses, and demolish existing structures.
Economic Development	Finance a redevelopment project, which involves the construction of an office/retail building complex.
Economic Development	Capitalizing a lending program which will give loans to small businesses. The project is expected to spur the creation of 1000 new jobs.
Economic Development	Assist in the purchase of a building which will be leased to a company.
Economic Development	Recapitalize the city's existing economic development loan fund.
Economic Development	Finance a building project. The project is expected to create 180 new jobs.
Economic Development	Provide a loan to a company to purchase and expand an existing retail location.
Economic Development	Provide a loan to a company to assist in expanding their operations. The project is expected to generate 44 new jobs.
Economic Development	Finance a business loan pool fund. The project is expected to create new jobs and help retain existing jobs in the area.
Economic Development	Finance the redevelopment of a vacant building. The project is expected to generate 110 new jobs.
Economic Development	Finance infrastructure improvements.
Economic Development	Funds will be used for street improvements, such as relocating overhead utilities underground, reconstructing curbs and gutters, reconstructing and repaving existing roadways, enhancing water and sewer lines, and undertaking comprehensive streetscaping. Some of the money will be used for housing infrastructure improvements as well.
Economic Development	Provide funding assistance for the construction of a water park.
Economic Development	Provide financial assistance to a company for the construction of a hotel. The project is estimated to generate 117 new jobs.
Economic Development	Provide funding assistance to a business to finance tenant build out improvements for a new gym.
Economic Development	Establish a business expansion loan program.

Category	Expected Uses of Section 108 Funds
Economic Development	Partially finance the development of a retail facility.
Economic Development	Provide financial assistance for two economic development projects. The project is expected to generate 992 new jobs.
Economic Development	Provide financial assistance to a company to redevelop a plaza into a mixed use retail-residential complex.
Economic Development	Finance acquisition, demolition, and relocation activities related to an economic development project. The project is expected to create 375 new jobs.
Economic Development	Provide financial support to a developer for the development of a retail shopping center. The project is expected to generate 1878 new jobs.
Economic Development	Assist in implementing activities which will further the reclamation and redevelopment of the city's riverfront. The project is expected to generate 84 new jobs.
Economic Development	Acquisition, relocation, demolition, site preparation, and issuance costs for the development of a business center. The project is expected to create 1650 new jobs.
Economic Development	Make a loan and grant to a developer to redevelop a facility into a mixed development of retail space and community day care and medical service space.
Economic Development	Provide additional financing to complete the renovation of a building for start-up businesses, offices and retail spaces. The project is expected to generate 410 new jobs.
Economic Development	Provide funding assistance to a company to purchase machinery, and equipment to be used in a new facility in the industrial park. The project is expected to create 200 new jobs.
Economic Development	Provide financial assistance to a developer for the rehabilitation and redevelopment of three buildings into residential condominiums, a commercial restaurant, retail, and office space. The project is estimated to generate 140 new jobs.
Economic Development	Finance acquisition of real property, site preparation, and construction of a medical clinic.
Economic Development	Make a loan to a company to redevelop a restaurant into 2 unique restaurants. The project is expected to create 80 new jobs.
Economic Development	Provide loans to for-profit businesses.
Economic Development	Develop two parcels of land. The project is expected to generate 172 new jobs.
Economic Development	Provide financial assistance for the construction of a new parking garage. The project is expected to generate 335 new jobs.
Economic Development	Rehabilitate and reconstruct housing units damaged in a natural disaster.
Economic Development	Finance the redevelopment of a plaza into a mixed-use retail-residential development in a blighted site.
Economic Development	Assist in financing renovation of a building of a company. The project is expected to lead to the creation of 23 new jobs.
Economic Development	Establish a loan program intended to stimulate economic development.
Economic Development	Renovate a building into a restaurant and commercial office space. The project is expected to create at least 71 new jobs.

Category	Expected Uses of Section 108 Funds
Economic Development	Finance the construction of an office building. The project is estimated to create 150 new jobs.
Economic Development	Funds will be lent to a developer to assist in financing the acquisition of a site into a multi-purpose arts center. This project is expected to create 143 new jobs.
Economic Development	Finance the redevelopment of a site.
Economic Development	Funds will be used to revitalize commercial development and improve the downtown areas of the city. The project is expected to create 60 new jobs.
Economic Development	Provide financial assistance to a developer for the redevelopment of a property into an industrial park. The park creation is estimated to create 208 new jobs.
Economic Development	Funds will be used for site redevelopment. The project is expected to create 304 new jobs.
Economic Development	Help finance the renovation of hotel. The project is expected to spur the creation of 53 new jobs.
Economic Development	Funds will be used to complete an industrial site for redevelopment into commercial, warehouse, and industrial space. The project is expected to spur the creation of 2500 jobs.
Economic Development	Funds will be used to create an economic development business recovery loan fund to assist existing small businesses recover from a natural disaster. This project is expected to spur the creation of 250 new jobs.
Economic Development	Funds will be used for the renovation and remediation of three buildings. These buildings will become office space, restaurant/entertainment space, and residential units.
Economic Development	Funds will be used for the acquisition of land, and the construction of a hotel. The project is expected to create 110 new jobs.
Economic Development	Construct a recreation facility, which will include recreational activities, party rooms, and restaurants. The project is estimated to create 40 new jobs.
Economic Development	Finance eligible activities for several business development loan pools.
Economic Development	Provide financial assistance to a company for the redevelopment of an area into a mixed-use new urbanism town center. The project will create an estimated 200 new jobs.
Economic Development	Construct a structure that will have commercial space and residential space. The project will create an estimated 200 new jobs.
Economic Development	Acquire and assemble parcels, which will be redeveloped into a mix of retail space and office/flex space. The project is expected to create 445 new jobs.
Economic Development	Assist with the environmental remediation and redevelopment of a factory to transform the facility into a multi-purpose arts center. The project is estimated to create 46 new jobs.
Economic Development	Create a business loan pool for financing projects that bring positive economic and community development benefits to targeted neighborhoods. The project is expected to create 198 new jobs.
Economic Development	Funds will be used for an economic development loan fund, which will provide financing to eligible businesses.
Economic Development	Develop a multi-tenant commercial square, which involves constructing two structures with surface and underground parking.
Economic Development	Funds will be used for the acquisition of a structure. The project is expected to create 9 new jobs.

Category	Expected Uses of Section 108 Funds
Housing	Help finance the acquisition and renovation of a YMCA building.
Housing	Help finance the renovation of a historic building.
Housing	Finance the costs of acquiring land installing utilities and improve infrastructure to increase supply of affordable .housing
Housing	Help finance an 80 unit affordable housing initiative.
Housing	Help finance acquisition costs for redevelopment of a hotel into retail space.
Housing	Finance activities associated with the redevelopment of an underdeveloped area, which include the acquisition of properties, relocation of households and businesses, and demolition of structures.
Housing	Assist a developer in financing the acquisition of a building, which will be converted into a mixed residential/retail project.
Housing	Finance the commercial component of a complex, consisting of commercial space and housing units.
Housing	Finance a housing project.
Housing	Develop mixed income housing. The project is expected to spur the creation of 450 new jobs.
Housing	Finance the removal of all existing housing structures in a public housing complex, replacement of most of the infrastructure, and construction of new housing and community facilities.
Housing	Redevelop a factory site into a mixed income rental residence complex.
Public Facilities	Finance a cultural center project. Project expected to create 56 new FT jobs.
Public Facilities	Help finance a fire station.
Public Facilities	Help redevelop a downtown site to locate a drugstore and office building.
Public Facilities	Help finance a maritime center.
Public Facilities	Help finance the construction of a boys and girls club.
Public Facilities	Help finance infrastructure improvements.
Public Facilities	Funds will be used to rehabilitate a park.
Public Facilities	Funds will be used to finance construction of a homeless complex.
Public Facilities	Funds will be used to finance construction of an upgraded water delivery system.
Public Facilities	Funds will be used to complete its financing of public facilities construction and reconstruction.
Public Facilities	Assist rehabilitate two buildings in a museum complex.
Public Facilities	Assist in financing construction of a new daycare facility.

Category	Expected Uses of Section 108 Funds
Public Facilities	Finance site acquisition and construction of a community center.
Public Facilities	Support an economic development project, which includes the construction of a senior center and 154 housing units.
Public Facilities	Assist in financing the redevelopment of a site in a distressed neighborhood.
Public Facilities	Demolish part of a parking deck.
Public Facilities	Funds will be used to undertake a major urban revitalization project. The associated activities include improving and constructing streets, pedestrian ways, public gathering areas, and streetscape fixtures.
Public Facilities	Finance site preparation and infrastructure improvements to a business park. The project is expected to result in the creation of 150 new jobs.
Public Facilities	Funds will be used for a loan pool and public facilities and infrastructure investments.
Public Facilities	Finance a portion of the implementation of an economic redevelopment plan.
Public Facilities	Finance the rehabilitation and construction of neighborhood facilities.
Public Facilities	Finance construction and installation of public improvements and utilities and reconstruction of parking lots.
Public Facilities	Construct a parking facility. The project is expected to generate 200 new jobs.
Public Facilities	Finance public improvements in a park area, such as installing security lighting, replacing deteriorated play equipment, removing large rock walls, and rehabilitating all areas of the park to comply with Americans Disabilities Act requirements.
Public Facilities	Finance construction of public improvements, property acquisitions, rehabilitations, construction of a new retail building, and economic development activities.
Public Facilities	Finance the development of a park for recreational activity.
Public Facilities	Funds will be used for the reconstruction of public streets and sidewalks.
Public Facilities	Acquire a new fire engine ladder truck.
Public Facilities	Finance extensive public facilities improvements, including installation of new water and sewer lines, street and sidewalk paving, and lighting for the neighborhood.
Public Facilities	Assist in the redevelopment of commercial retail space.
Public Facilities	Finance public facilities and improvements, such as the relocation of electrical services, construction of walkways, and installation of traffic controls.
Public Facilities	Funds will be used to fund renovations and improvements of a city owned property to support family services.
Public Facilities	Support the development of infrastructure improvements to various streets.

Category	Expected Uses of Section 108 Funds
Public Facilities	Funds will be used to fund public improvements and establish a lending fund and housing rehabilitation fund. This project is expected to create at least 20 new jobs.
Public Facilities	Funds will be used for the redevelopment of a large scale housing project. The project is expected to create 120 new jobs.
Public Facilities	Provide financial assistance to a developer for the acquisition of air rights above a new retail development and the construction of a condominium structure. The project is expected to create 250 new jobs.
Public Facilities	Pave existing roads and streets to improve accessibility.
Public Facilities, Housing	Finance housing rehabilitation, economic development activities, and construction, rehabilitation, or installation of public facilities associated with a neighborhood revitalization project.
Public Facility	Restore a historic theater.

Appendix H: Section 108 Survey Respondents' Projects Categorized by Major Activities and National Objectives

The following provides a summary of the activities that grantees carry out in meeting a national objective. Activities may be undertaken under several different eligible categories. The table shows that grantees carry out activities that meet a single objective, or multiple objectives. Many respondents met one national objective; however, some met up to five national objectives. There was no direct correlation between funding amount and the number of qualifying national objectives undertaken by grantees (i.e., some small projects had multiple objectives, while some large projects had only one designated national objective).

Category	Project Activities	Job Creation	Area Benefit	Limited Clientele	Slum Blight Area	Housing	Slum Blight Spot
Public Facilities	Acquire property and to improve infrastructure. The project is part of a neighborhood revitalization project.		X				
Economic Develop-ment	Provide financing to help finance a multi-use hospitality complex. Project expected to create 97 new jobs.	X	X				
Economic Develop-ment	Provide a portion of multi-use waterfront economic revitalization project in an urban renewal area.				X		
Economic Develop-ment	Finance infrastructure improvements that will enhance a theaters renovation.		X				
Economic Develop-ment	Finance the commercial portion of a housing development project. The project is expected to create 15 FT jobs.	X				X	
Housing	Finance the construction of the commercial portion of a mixed use residential and retail project.					X	
Public Facilities	Partially finance the construction of a new 800 space garage.	X					
Public Facilities	Use proceeds for hard costs to build 5,200 sq. ft. community and childcare center.		X				
Public Facilities	Help rehabilitate a family cancer center.		X	X		X	
Public Facilities	Help finance land acquisition, site preparation and construction of a social services center.		X	X	X		
Public Facilities	Help finance construction of a library.		X				
Public Facilities	Build a multi-purpose community facility.		X	X			
Public Facilities	Help finance a senior center project, that will house banking services, postal services, a dividable multi-purpose room, stage, billiard room, beauty salon, computer classroom, conference room, television, audio library, exterior courtyard, and kitchen			X			

Category	Project Activities	Job Creation	Area Benefit	Limited Clientele	Slum Blight Area	Housing	Slum Blight Spot
Economic Develop-ment	Land acquisition, building acquisition, new construction, renovation, machinery and equipment, and working capital.				X		X
Public Facilities	Reconstruction of a public housing site infrastructure.					X	
Housing	Support homeownership initiative. Project expected to produce 152 affordable housing units.	X	X	X		X	X
Economic Develop-ment	Loan fund to a non-profit corporation to partially finance the purchase and renovation of deteriorated and/or vacant buildings.	X	X		X		X
Housing	Improve substandard housing. Activities include: interior and exterior repairs to conserve energy and meet housing code standards; handicap accessibility and other safety improvements; and remediation of lead-based paint.			X		X	
Economic Develop-ment	Finance façade improvements in a targeted downtown redevelopment area.	X	X				X
Economic Develop-ment	Finance acquisition of land and improvements, rehabilitation, new construction, leasehold improvements, and equipment purchase.	X					
Housing	Finance the acquisition, demolition, and relocation costs associated with the redevelopment of two affordable housing projects (a 79 unit senior complex and an 88 affordable housing complex) on an 8.9 acre site.		X	X	X	X	
Public Facilities	Finance the rehabilitation of the former High School. The rehabilitation will convert the school into a center for social service agencies serving low-income clients.		X				
Economic Develop-ment	Finance a revitalize a motel. This resulting hotel is expected to create 15 new jobs.	X					

Category	Project Activities	Job Creation	Area Benefit	Limited Clientele	Slum Blight Area	Housing	Slum Blight Spot
Public Facilities	Provide further financing of a three-phase, mixed-use waterfront revitalization project.				X		
Public Facilities	Finance street reconstruction.	X					
Housing	Finance new water and sewer services for a motel and trailer park.		X	X	X	X	X
Housing	Finance land acquisition and infrastructure costs associated with the construction of multi-family housing development.			X		X	
Economic Develop-ment	Assist with the development of a retail center. The project is expected to generate over 600 jobs.	X					
Economic Develop-ment	Develop a convenience shopping center. The project will allow businesses to expand their facilities into areas vacated by businesses moving to the shopping center.		X				
Economic Develop-ment	Finance the construction of a number of public improvement projects. These projects will improve pedestrian safety and support other revitalization efforts.		X				
Economic Develop-ment	Finance the acquisition and demolition of numerous residential parcels to carry out the construction of a fire station and open place improvements including a park, playground, ball fields, and lighting.		X				
Economic Develop-ment	Assist in the financing of the construction of a 120-room hotel. The hotel will generate 50 new full-time positions.	X					
Public Facilities	Finance the implementation of a large-scale, multi-faceted, city renewal project. The project calls for the construction of new mixed-income housing, parks, development of a "Town Center," and some retail space.		X		X		

Category	Project Activities	Job Creation	Area Benefit	Limited Clientele	Slum Blight Area	Housing	Slum Blight Spot
Economic Develop-ment	Establish a loan fund, to assist in financing new hotels in the city. Upon establishment, the loan fund will be assist in the building of three or four hotels, which are expected to generate 800 to 1200 new permanent jobs.	X					
Economic Develop-ment	Financing a new complex, which consists of a welcome building and office/retail space. The project is estimated to create 84 small businesses and 247 new jobs.		X				
Economic Develop-ment	Develop a new business center and low- and moderate-income housing. The project is expected to generate 123 new jobs.	X	X	X	X	X	
Public Facilities	Build a parking garage, which will provide 830 new parking spaces for the area.				X		
Public Facilities	Finance the construction of public facilities improvements. Specifically, the project involves the construction of two bridges and a parking garage, and the development of two additional parcels.	X					
Economic Develop-ment	Finance the development of certain parts of the city. Specifically, certain sites are being transformed into mixed-use office, retail, and residential space.					X	
Economic Develop-ment	Finance a business loan fund. The project is expected to result in the creation of 175 new full-time jobs.	X					
Economic Develop-ment	Create a loan pool targeted towards the redevelopment of buildings damaged by a natural disaster that occurred in 2001 as well as five other sites.	X				X	X

Category	Project Activities	Job Creation	Area Benefit	Limited Clientele	Slum Blight Area	Housing	Slum Blight Spot
Economic Develop-ment	Capitalize a loan fund. The fund will be used to lower the interest cost to the borrowers using the fund. It will also serve as a loan loss reserve for individual projects. Eligible uses of the fund fall into two categories: real estate loans and business loans. The project is estimated to generate 145 new jobs.	X	X				
Public Facilities	Assist in the acquirement and improvement of property for an industrial park, dedicated to the food industry. The project is expected to generate 1500 new jobs.	X					
Economic Develop-ment	Make a loan to a private developer for economic development activities, such as the creation of commercial office space. The project is expected to generate 150 new jobs.	X					
Economic Develop-ment	Establish a business loan, technical assistance, and financial services program.	X	X				
Economic Develop-ment	Finance the development of a retail facility. The project is estimated to create 2140 new jobs.	X	X				X
Economic Develop-ment	Acquisition, demolition, relocation, site remediation, site improvements, and hazardous material remediation costs associated with a retail project. The project is expected to generate 600 new jobs.	X					
Economic Develop-ment	Finance project related activities for four separate commercials development projects. The project is expected to generate 650 new jobs.	X					
Economic Develop-ment	Assist in financing the construction of a parking garage. The garage is expected to create 200 new jobs.	X					

Category	Project Activities	Job Creation	Area Benefit	Limited Clientele	Slum Blight Area	Housing	Slum Blight Spot
Public Facilities	Assist with the development of a senior citizen center and public improvements consisting of sidewalks, curbs, and gutters.		X	X			
Economic Develop-ment	Finance the development of an arts and cultural center.				X		
Public Facilities	Finance the renovation of the city's library.		X				
Public Facilities	Retrofitting of a walk-in refrigerator and freezer for a food bank distribution center.		X				
Public Facilities	Finance activities related to a street improvement project. These funded activities include improvements to roadways, crosswalks, new curbs, gutters, and street lighting.		X				
Economic Develop-ment	Rehabilitate a building into an office/business incubator space. This project is expected to create 228 new jobs.	X					
Economic Develop-ment	Finance the site acquisition and construction of a parking garage. They will also be used to assist in financing the development of a restaurant, bookstore, coffee shop, theater, visual arts studio, dance studio, and housing complex.				X		
Housing	Develop rental housing.					X	
Economic Develop-ment	Make loans to private developers to finance city redevelopment activities. The project will generate 207 new jobs.	X					X
Public Facilities	Finance a variety of infrastructure improvements.		X				
Public Facilities	Finance building improvements and renovations.			X			
Economic Develop-ment	Finance the acquisition of real property, demolition, and site preparation in connection with the redevelopment of an industrial park. The project is estimated to generate 164 new jobs.	X	X				

Category	Project Activities	Job Creation	Area Benefit	Limited Clientele	Slum Blight Area	Housing	Slum Blight Spot
Economic Develop-ment	Develop a conference center. The project is estimated to create 37 full time jobs and 20 FTE jobs.	X					
Economic Develop-ment	Finance tenant improvement and capital repairs of common areas at a mall. This project is expected to create 86 new jobs.	X	X	X			
Economic Develop-ment	Assist with economic development activities. The project is expected to create 120 jobs.	X					
Economic Develop-ment	Purchase a parcel of land to build and lease an office, parking garage, and laboratory facility.	X					
Economic Develop-ment	Finance property rehabilitation, expansion, and redevelopment of currently vacant land into commercial rental space.	X	X				
Public Facilities	Rehabilitate a portion of a high school into a youth facility.			X			
Economic Develop-ment	Finance tenant improvements and retail space. The project is expected to generate 191 new jobs.	X					
Public Facilities	Acquire and rehabilitate a building.			X			
Public Facilities	Build a new drainage facility.		X				
Public Facilities	Assist in the financing of the site acquisition and construction of a children's day care facility.		X				
Public Facilities	Finance the construction of an addition to a learning center.			X			
Public Facilities	Assist in the financing of the construction of a community center.		X				
Economic Develop-ment	Provide loans to new and existing businesses wishing to carry out economic development activities. The project is expected to create 100 new jobs.	X					

Category	Project Activities	Job Creation	Area Benefit	Limited Clientele	Slum Blight Area	Housing	Slum Blight Spot
Economic Develop-ment	Make a loan to a private developer for infrastructure improvements to facilitate the development of two commercial pads. The project is expected to create 143 new jobs.	X					
Economic Develop-ment	Carry out commercial economic development activities. These activities are estimated to generate 150 new jobs.	X	X				
Economic Develop-ment	Assist with the acquisition of a vacant plot of land in order to facilitate the upgrading and expansion of the city's airport. This project is estimated to create 836 new jobs.	X					
Economic Develop-ment	Purchase a parcel of land to build and lease an office, parking garage, and laboratory facility.		X				
Public Facilities	Finance the rehabilitation work of a community center.			X			
Public Facilities	Support the redevelopment and construction of public facilities and parks.		X	X			
Economic Develop-ment	Make loans to businesses. This lending activity will cause the creation of 200 new jobs.	X	X	X			
Economic Develop-ment	Provide financial assistance for the redevelopment of a plot of land. The project will include the construction of a park and parking facility.		X				
Economic Develop-ment	Acquire and prepare land to sell to developers for commercial development. This project is estimated to create 375 new jobs.	X	X		X	X	
Economic Develop-ment	Acquire a building and convert it into condominiums.				X		
Housing	Finance the development of a housing community.		X	X		X	
Economic Develop-ment	Finance a parking garage and other public infrastructure improvements.	X					

Category	Project Activities	Job Creation	Area Benefit	Limited Clientele	Slum Blight Area	Housing	Slum Blight Spot
Economic Develop-ment	Make a loan to a company to make improvements to their grounds. The project is expected to cause the City to retain 119 jobs and create 10 new jobs.	X	X		X		X
Economic Develop-ment	Assist with the rehabilitation of a building into office, retail, and restaurant spaces. The project is expected to create 20 new jobs.	X					
Economic Develop-ment	Establish a loan fund to provide loans to small businesses. The loans are expected to spur the creation of 80 new jobs.	X					
Economic Develop-ment	Provide financial assistance to a company for their development of a business center.	X					
Economic Develop-ment	Comprehensive infrastructure improvements.		X	X			
Economic Develop-ment	Assist in the expansion of a company and its assets. The project will ultimately create 340 new jobs.	X					
Public Facilities	Acquire and renovate an existing building in the Town.		X				
Economic Develop-ment	Remediation and site preparation of an industrial property and construction of an office complex. The project is estimated to create 172 new jobs.	X					
Economic Develop-ment	Develop a portion of an industrial park, which will eventually be sold to businesses for commercial development.	X					
Economic Develop-ment	Acquisition of a piece of land in the City's business district and construction of a mixed use complex. This project will create 120 new jobs.	X				X	
Economic Develop-ment	Develop retail space and rental housing. The project will create 156 new jobs.	X					
Public Facilities	Finance infrastructure improvements in low-moderate income parts of the city.		X				

Category	Project Activities	Job Creation	Area Benefit	Limited Clientele	Slum Blight Area	Housing	Slum Blight Spot
Economic Develop-ment	Provide financing assistance to a developer to buy and renovate a building to a new office complex. The project will create 15 new jobs.						X
Economic Develop-ment	Redevelop several buildings into retail space and a parking garage.		X				
Economic Develop-ment	Redevelop several parcels of property into a mixed complex of commercial/retail space, office space, a dinner theater, and parking spaces. The redevelopment is expected to create 390 new jobs.				X		
Economic Develop-ment	Provide financial assistance to a company for the development of a hotel into a mixed-use site. The project is expected to generate 400-450 new jobs.		X		X		
Economic Develop-ment	Acquisition and renovation of a hotel into a new hotel, retail space, and parking garage. The project is expected to generate 374 new jobs.				X		X
Economic Develop-ment	Assist in establishing a loan fund to promote economic development and revitalization. The fund will finance property acquisition and provide construction and renovation financing to for-profit development entities. The project will create 102 new jobs.	X					
Economic Develop-ment	Create a loan fund that will assist existing businesses and help attract new ones to distressed areas in the City. The project is expected to generate 200 new jobs.	X			X		
Public Facilities	Establish a redevelopment fund that will provide financing to two projects. These projects involve the building of several recreation facilities.		X				X
Economic Develop-ment	Funds will be used to finance business development activities.	X	X			X	

Category	Project Activities	Job Creation	Area Benefit	Limited Clientele	Slum Blight Area	Housing	Slum Blight Spot
Public Facilities	Provide financial assistance (loan) to a company that will acquire a larger building			X			
Economic Develop-ment	Assist with the development of a marketplace and affordable housing units. The project is expected to generate 16 new jobs.	X					
Public Facilities	Construct a new fire station.		X	X			
Public Facilities	Develop a building into housing units and office space in a low-income area.		X	X			
Economic Develop-ment	Funds will be used to develop a facility cite into a retail automotive outlet. This project is expected to create 140 new jobs.	X					
Housing	Site improvements and construction of low-and-moderate-income housing units.					X	
Economic Develop-ment	Purchase a parcel of land to build and lease an office, parking garage, and laboratory facility.	X					
Housing	Funds will be lent to a company to develop low-income housing units as well as a childcare facility.					X	
Public Facilities	Finance the construction costs related to the revitalization of one of the City's prominent commercial areas. In particular, funds will be used to renovate a public recreational facility.		X				
Economic Develop-ment	Redevelop a site into a multi-use facility. The project is expected to generate 575 new jobs.				X		
Total		41	32	14	10	9	7

Appendix I: Respondents' Opinions of What Was Accomplished with the Section 108 Funds and the Value of Using Section 108

The following presents the 118 respondents' perspective on what they accomplished with the Section 108 funds. The listing is intended to convey the level of support that Section 108 funding provides to the jurisdictions whose grantees' responded to the survey. This table is constructed from open-ended questions in the survey asking for the grantees' opinions on accomplishments and outcomes. Although the text is representative of the respondents' own words and opinions, some of the text contained in the surveys has been redacted to maintain confidentiality.

Category	What was accomplished as a result of Section 108	What would have happened without it
Public Facilities	The City was able to replace outdated infrastructure that resulted in the revitalization of the area, resulting in the revitalization of the commercial businesses in the area.	The City would have either reduced the amount of the public improvements to the area, or would have had to reduce the quality of the improvements.
Economic Development	Two buildings were rehabilitated; 2 restaurants, a hotel and a microbrewery were created which increased the tax base and created jobs for LMI persons	This would not have happened without the public/private partnerships enhanced by the Section 108 loan.
Economic Development	The Section 108 was used as a match for an EDI. If not for the EDI the 108 would not have been used.	Developer would have had to borrow from commercial lender.
Economic Development	Infrastructure improvements in the downtown area.	The project would have had to be downsized. Matching funds would have had to be found elsewhere.
Housing	The HUD 108 loan for the development of the first floor retail space enabled the affordable housing project to proceed with the housing financing.	The project would have stumbled along trying to secure financing to complete the retail development.
Public Facilities	The city built a community center.	The City would have either needed to scale down the project or use scarce general funds since this project needed to be constructed at the same time the adjacent affordable housing project was constructed.
Public Facilities	We were able to save a facility and continue its use as a family homeless shelter.	Although the program's numbers may not be as high as other communities, it makes a significant impact in providing services to our area. Additionally, because we are paying this over time, it has allowed two other cities in our area to help pay off the note. These funds were our last hope to save this facility. The truest comment in this entire survey is that this project would not have occurred if we did not have the 108 available. These funds were our last hope to save this facility.
Public Facilities	A new library was constructed to serve the l/m population which is widely used by children, adults for family literacy, computer literacy and primary source of reading material for residents.	The new library would not have been able to be constructed without the funding.

Category	What was accomplished as a result of Section 108	What would have happened without it
Public Facilities	The Section 108 loan made it possible for us to move forward on a major piece of the neighborhood revitalization plan and demonstrated to the neighborhood the City's commitment to neighborhood improvement including public safety and the perception of safety in the area.	The project would not have been able to move forward or, if it had done so, would have been significantly been reduced in size and services made available. The City simply did not have capital improvement funds to provide all support for the project and grant applications had not proved viable. The Section108 loan was a way to obtain City Council support for the project without having to ask for a greater share of limited capital funds. We have since applied for another loan ($3.5 million for a fire station) and are in the process of applying for yet one more.
Public Facilities	The City was able to build a 17,000 square foot senior center which would otherwise not have been able to be built. The use of the funds enabled the City to obtain a parcel that was donated to the City for that specific use.	The facility would not have been built. Most likely, the prior 1,800 square foot facility would have been rehabilitated. Therefore the types of facilities and activities that are available for seniors would not have been available.
Economic Development	In terms of the partially successful activity funded under this project, it became a catalyst for other economic development and revitalization projects within the downtown area.	Participating developers needed low cost financing. The interest raete on Section 108 money met the developers need.
Housing	The City was able to accomplish 72% of the program's goal and provide homes to 92 households	Without the Section 108 Loan, there would have been signficant delays in redeveloping and constructing housing. The funds were needed to build the capacity of the nonprofit developers who are the key partners in assisting the City to achieve its housing goals. Almost nine years later, the benefits of the loan is apparent as quality homes can be seen in the various neighborhoods.
Housing	Renovation of low-moderate housing; renovation of parks.	Would have delayed, or kept from happening, the rehabs and park projects.
Economic Development	We saved our downtown from crumbling into an unsafe condition. Our downtown has an opportunity to continue its long history of a hub of activity.	Downtown revitalization would not have happened. The 108 Program is very worthwhile and serves as an important tool for certain types of projects and it fills a gap in funding for those projects.
Economic Development	Over 75% of 108 loan has been spent on eligible projects and over 100% of the FTE's projected have been created or retained. In addition, all FTE's have been low/mod.	Without the 108 funds to finance NCMP, the number of FTE's created/retained would not have happened. Many businesses would not of had the opportunity to expand due to insufficient funds.

Category	What was accomplished as a result of Section 108	What would have happened without it
Housing	The City was able to demolish an area filled with crime and unsafe housing for LMI families. The City was able to create safe, clean and affordable housing for 167 families and individuals that is managed and monitored by several government agencies.	Funding at the time was not available through the City. Being able to use Section 108 funding allowed the partnerships that were created and funding to be allocated for a worthy project.
Public Facilities	A valuable asset to the African American community was saved and repurposed. The site now provides health care to over 1500 low income individuals per year.	We would have demolished the structure due to the degree of dilapidation.
Economic Development	A new business was created along a major artery in need of commercial, infrastructure, and transportation investment that is the heart of a low- and moderate-income area.	I cannot speak to this, the project is over eight years old and no one here has the history as to how or why this project was structured the way it was.
Public Facilities	Remediation of waterfront property resulted in the construction of 350 market rate housing units and helped revitalize a community.	Developer would have had to use private funds.
Public Facilities	It attracted an outside business that would generate up to 300 jobs when completed	This business would not have been able to start the process of locating the business to the City.
Housing	Two mobile home parks were combined into a single one. Most of the onsite infrastructure was failing and this project addressed that. These parks were a blighting influence in the local area and this project helped to remove this blight.	The project would have had to be delayed or scaled back. The Section 108 offered the City a low cost, low risk, financing package that allowed us to leverage it for much greater funding from other programs.
Housing	Construction of 204 affordable housing units (apartments).	There would not have been enough funding which would've resulted in a smaller project.
Economic Development	Section 108 funds allowed the City to purchase and combine multiple vacant, blighted commercial buildings and raze the block. This in turn attracted a developer who is building a regional shopping center in a under developed, underperforming area of our city.	Without the Section 108 funds the area would have remained a blighted drain on our city.
Economic Development	The Section 108-assisted project enabled the assembly of vacant and underutilized land in a low-moderate income area with a new retail center which generates economic activity, including new revenues and jobs. It facilitated relocation of a bank from an old and undersized location across street, which enabled expansion of both the bank and of two adjacent car dealerships.	Without Section 108 financing, potential economic activity would have been lost, and economic benefits would have been lost for a low-moderate income area.

Category	What was accomplished as a result of Section 108	What would have happened without it
Economic Development	The HUD 108 loan implemented public improvements and infrastructure that supported neighborhood revitalization. This addressed public safety in terms of pedestrian and vehicular visibility and removal of side walk hazards to pedestrians.	If the Section 108 loan was not recevied, there would have been a shortfall in funding the capital improvements.
Economic Development	The downtown Albany area was able to secure a Hilton Garden Inn Hotel, which is also located across the street from the Civic Center and a State University. This project sparks the potential for continued growth and development in an area that is in great need of redevelopment.	I do not believe that this project would have been possible, which means that the other planned developments would also not be possible.
Economic Development	Created 550+ jobs, increased tax base, provided program income to the City, availability of loan fund enabled other hotel projects to obtain private financing without using Section 108.	Project would have been significantly delayed and adjoining hotel would not have been constructed if the Section108 funding was not available. Other hotels would not have been able to leverage private financing at that time.
Economic Development	Helped to Revitalize Southwest downtown area	The Project would have been delayed or not happened at all.
Economic Development	The city took a large portion of brownfield land that was an eyesore to the surrounding neighborhood and invited negative activities and created a light industrial part that has brought 12 new businesses to the area and 855 jobs. It also included a new joint equity venture that provided outpatient space for in combination with two large hospitals bringing needed health services to one of our most distressed neighborhood areas. We built and rehabilitated up to 125 housing units and this activity is continuing based only on the investment provided and encouraged by the HUD 108 loan. The downturn in the economy has slowed the spin-off effect but the investment that has been made continues to have a ripple effect of continuing investment in the area and adjacent areas. The investment encouraged the resident by showing that someone thought there area was worth the investment and that the improvements that were carried out all came from grass root meetings in the community, it was the residents plan! This is what makes any project successful it is built from the grass roots of its residents.	This was an area that had many issues that could not entice private development to be an active player and that had been proven in the many years that the community residents worked through a small area plan with no outside interest shown. We needed to put together a bigger pool of funds that would show that a larger impact would be made and that as a governmental entity with neighborhood non-profit we needed to step forward and start that investment. There are still some sites to be developed in the area and there is positive interest in them when the economy gets stronger, and that is all because of the strategic investments we have put in place to minimize the impact that is currently taking place. We now have in place active on going community partnerships because we all came along together with one mind on activities and this is what is helping the neighborhood as it too goes through hard economic times.
Public Facilities	Section 108 loan made possible the completion of a third garage, which allowed developer to attract a large corporate headquarters with 525 employees to relocate.	Delays in building garage #3 would have jeopardized the area's ability to land the corporate headquarters.

Category	What was accomplished as a result of Section 108	What would have happened without it
Public Facilities	Infrastructure, including parking garage #2 that was needed to advance the City's most significant brownfield development.	Delays in building infrastructure would have led to missed opportunities in attracting businesses and jobs to the site.
Economic Development	Kept a business operating for extra years, helped start new business in the downtown area.	Business would have failed sooner, delayed revitalization of downtown and property would have deteriorated.
Economic Development	The Section 108 project helped to increase the amount of loan capital in an underserved market and create a long-term source of financing. This project has allowed 51 jobs to be created and retained.	Without the project these jobs would not have been available in an area that needs them the most. In addition, assuming that each job assisted provided income for at least 2 additional family members, 153 people have benefitted from this project directly.
Economic Development	The project turned a blighted and high-crime area into an active and safe neighborhood amenity.	The area would have remained blighted and crime ridden.
Economic Development	The City's downtown has a complete welcome package available with this project. There are things to do, places to eat, places to stay, alternate methods of transportation, and a beautiful aesthetic amenity in the formerly abandoned and blighted waterfront.	It would have taken a lot longer to complete the downtown and the arena and hotel would have suffered and possibly gone under without the marina and promenade to pull it all together. The Section 108 funded project truly was the glue that made all the pieces present a completed project.
Economic Development	Long-term financing for the total cost of the project.	The project would have been completed on a smaller scale.
Public Facilities	A senior center was constructed to serve a large population of L/M Senior Citizens in a distressed area.	Project would not have been completed.
Economic Development	With the use of the Section 108 proceeds the city will be able to rehab of buildings, eliminating slum & blight.	Project would not have been completed, as the Section 108 was part of the major funding for the site.
Public Facilities	The renovations to the public library provided additional space for computer labs as well as more shelving for books. It enhanced the quality of life for the LMI persons in area.	Might not have been able to finish the project.
Public Facilities	Through the use of Section 108 funds, city was able to make improvements to the facility to serve the needy population.	The improvements would not have been able to be accomplished which were needs to increase the installation of refrigeration and freezer systems to serve the low/moderate clientele.
Public Facilities	Infrastructure improvements	Inadequate infrastructure.

Category	What was accomplished as a result of Section 108	What would have happened without it
Economic Development	A critical facility in the city's downtown, which formerly employed 600 residents, had recently been abandoned. The devastating impact of this loss was ultimately overcome through the renovation of this facility into modern manufacturing and office space - an accomplishment which would not have ultimately succeeded without the Section 108 Loan.	The cost and accessibility of private financing would have limited our ability to create a fully modernized facility able to attract new commercial and industrial tenants and create hundreds of new jobs. It is likely therefore that improvements would have been modest in nature and new job creation would have been greatly reduced.
Economic Development	The Section 108 Loan provides the opportunity to revitalize the Midtown area of the city.	The Project would have been delayed or not happened at all.
Economic Development	Major center city buildings were restored, new jobs were created, new theater built, became a catalyst for other development to occur	Job creation would not have occurred and downtown redevelopment would have occurred much more slowly.
Public Facilities	We have revitalized and improved several neighborhoods in the city.	There would have been fewer new businesses opened and some established businesses may have failed had we not been able to improve the infrastructure in these areas. Also, the new housing development would have been slowed.
Public Facilities	The city of Lakewood has a new recreation facility which can be by used by all people regardless of ability without paying for or maintaining a municipal building/center. Also, because of the Section 108 loan, this facility is more open than other facilities for community and related programming.	If the funding had not been available the project would have been delayed significantly (resulting in job losses), the project would have been completed using the bare minimum standards required by law, and the facility would not be as open and user-friendly as it is in its current state. Additionally, the city would have lost residents as people move to cities with other new indoor recreation facilities.
Economic Development	Creation of the Conference Center, stimulating new development downtown and increasing visitors to our community; job creation.	The Section 108 filled a financing gap -at this time, we are not aware of another source that could have been utilized that time.
Economic Development	Jobs in biotechnology research	The project would not have been completed because alternative funding sources were not available.
Economic Development	Jobs in biotechnology research.	This project would not have been completed without these funds because alternative resources were not available.
Economic Development	The Empowerment Zone program was considered; however, the timing to get the designation was too long and the project was ready to move forward.	This project has been the 'springboard' to future development in the targeted area. New private investment has occurred on a small basis. Public investment in streets and infrastructure has just been completed. The Old Yellowstone District Plan is being implemented and the result will be a revitalized area that will be an asset to the community.

Category	What was accomplished as a result of Section 108	What would have happened without it
Public Facilities	The Boys & Girls Club was one component of the redevelopment of a former high school building. The school was transformed into 4 separate uses, including the Boys & Girls Club, a Senior Center, 71 units of affordable senior housing, and a museum.	The project would have taken longer to complete and we searched for additional funding sources to fill the gap or if the Boys & Girls Club launched a capital campaign to pay for the renovations in advance of construction.
Economic Development	A successful project that continues to attract people to the community.	No opinion
Public Facilities	A day rehabilitation center moved locations and expanded offering double the services from 50 a day to 100 a day.	The project could not have gone forward.
Public Facilities	Flooding issues elevated, a future community center will be able to be constructed on land previously not available.	Project would not have taken place and flooding would have continued
Public Facilities	An early childhood learning center for 200 low income children was constructed	Facility would have faced delays for several years while trying to secure other financing
Public Facilities	A handicapped facility was expanded and improved	Project would have gone forward but would have had major delays.
Public Facilities	Land was acquired to build a community center	Project would not have gone forward
Economic Development	The Section 108 funding was for a portion of a brownfield that was contaminated and vacant. The funding allowing for the development of retail facilities, which created employment opportunities and facilitated the redevelopment of the rest of the site without any other assistance.	The property would have remained vacant for a while longer and would have made it more difficult to attract two large anchor tenants.
Economic Development	This project was the first Section 108 project in the State. The jurisdiction typically has not adequately applied or used economic development resources. It allowed the jurisdiction to gain some capacity in this area. Unfortunately, the project has not been fully successful this has left some political reluctance to think about the use of Section 108 again. The project although it has some management issues has relocated some non-profits and businesses into the area.	The project would have not gone forward. In addition, this project probably should not have gone forward, because there was not a strong financial pro-forma. When the major tenant and economic generator pull out, the project probably should have died. It has been a struggle, but the project will probably eventually be successful. However, there has been a tremendous amount of Federal and State subsidy put into the project. The project also received BEDI funding and $1,000,000 in State grant funding.

Category	What was accomplished as a result of Section 108	What would have happened without it
Economic Development	Section 108 funds allowed for the acquisition of land needed for the airport expansion construction staging. As the airport is land locked, it would have been necessary to periodically move the construction staging sites on airport property causing delays and inefficiencies. Acquisition of the land facilitated the timely completion of the airport expansion. City is currently negotiating a development agreement for office/retail. Additionally, negotiations are underway for a professional soccer stadium.	On-time completion of the airport expansion would not have occurred.
Public Facilities	The renovations to the Center enabled them to enhance and sustain the health and well being of the lesbian, gay, bisexual, transgender and HIV communities.	The funds were needed to complete the improvement to make space available for the provision of more services and make the entry way more accessible for handicapped clients.
Public Facilities	Residents within a low-income neighborhood now have a brand new, multi-purpose neighborhood park. Within the last couple of years, several homes surrounding the park have undergone renovations as well. A newly constructed Head Start facility, built adjacent to a future light rail station in another low-income neighborhood has provided a much needed resource for the neighborhood. The childcare center is the first piece of new development to be constructed near the future light rail station. Within the next year, a mulit-family, mixed-income residential community will be constructed with strong pedestrian connections to the Head Start facility.	
Economic Development	Job creation definitely occurred. We were very careful in making loans, because of the desire not to jeopardize our CDBG funds.	In all likelihood, the enterprises would have secured commercial financing. We rejected the same applications that would have been rejected by a commercial bank.
Economic Development	A brownfields site was cleaned, an entry point to the city was made more attractive, public parking to serve existing and new businesses has been created, needed open space has been created, portions of the city's mill history have been preserved, flood protection (storage) has been enhanced, partnerships with other agencies and local businesses and institutions have been created or enhanced.	This important project for the City would not have been undertaken.
Housing	We were able to demolish 24 homes and construct new market rate and low-moderate housing; sanitary and water service infrastructure improvements, and the installation of two new parks.	The project would not have happened.

Category	What was accomplished as a result of Section 108	What would have happened without it
Economic Development	Vacant, dilapidated structure was acquired, demolished and cleared away. A new parking facility was constructed on this site which created accessibility to new businesses which created new jobs.	If the City had not have secured the Section 108 financing, more than likely the vacant dilapidated building would still be there, only in a worse condition. The businesses that were started and which created new jobs would never have happened in this City.
Economic Development	Vacant historic building was saved from eminent demolition. Building now houses a restaurant, optometrist and 4 other office tenants.	Historic building would have been demolished and a new store would have been built on the vacant site.
Economic Development	Three businesses were assisted. One hotel that was largely underused was able to rehabilitate rooms and expand operations. One new cabinet making business was established. A school for autistic children was established in a permanent location. The three businesses created a 104 total jobs	We would not have a loan fund to assist small businesses.
Economic Development	A vacant brownfield property was redeveloped into an office park that employs over 1,500 people.	Site would remain a vacant brownfield site.
Economic Development	A very large amount (128 projects) of capital infrastructure and improvements were completed or are in the process of completing.	Many projects would have gone unfunded or would have been significantly delayed if it weren't for the injection of the large amount of Section 108 funding. The need for these types of improvements in a city of this size are large and ongoing.
Economic Development	As a result of using these funds for the acquisition of these properties, a manufacturing facility was constructed with private funds and a food processing company relocated to the Commerce Industrial Center. Another accomplishment has been the creation of 113 jobs to date and it is anticipated that the requirement to create or retain a total of 340 jobs will be met once the economy recovers and the businesses can move forward with their plans to expand their workforce.	Without the public fund contributions, the focused effort to provide jobs to low- and moderate-income persons would not have been initiated by the private businesses. Since public funds were used, these businesses have partnered with the City of Commerce Employment Development Center to outreach to targeted populations when employment opportunities are available. These funds also provided the resources to acquire property which was later followed by significant private investment to construct a new manufacturing plant that will serve to create employment opportunities for years to come.
Public Facilities	Community built a public park serving a low income neighborhood of about 5000; the park offers basketball, a skate area, handball, and other amenities.	The park would not have been built.

Category	What was accomplished as a result of Section 108	What would have happened without it
Economic Development	A polluted site was cleaned - Now we have a site ready for potential business expansion that is await a better economy.	The site would have remained undevelopable. The original Company where this factory was located spent millions on environmental cleanup and eventually went out of business. No one wanted to touch this site for redevelopment for at least 15 years prior to our involvement because of the expense involved to clean-up the site. The Section 108 loan and BEDI grant allowed us to make that clean-up possible.
Economic Development	Project has not proceeded as scheduled and therefore no accomplishments yet.	Costs of project would be higher.
Economic Development	The HUD 108 and BEDI funds provided the impetus and filled a real financing gap needed to make this project progress towards applying for and obtaining the New Market Tax Credit funds and other funds needed.	The project would not have proceeded without the HUD 108 and BEDI funds.
Public Facilities	Provided the basic infrastructure such as streets, sidewalks, curbs and gutters. The project has significantly improved the residents' quality of life by providing safe, accesible streets and sidewalks and increasing the area's value.	Although the project is a priority for the City, funding was not available to complete a project of this magnitude. The city would have continued to fund a portion at a time with its annual CDBG entitlement; however, completion would take many years. This allowed the City to provide the much needed improvements in less than five years.
Economic Development	The project is still under way - results not yet available	Project would still be in the financing stage, would not have reconfigure the site to include the new police station
Economic Development	Project assisted revitalization of the downtown area.	The project may have been delayed or not happened at all.
Economic Development	The Section 108 Loan provided the opportunity to revitalize the City's Downtown area.	The project would have been delayed or not happened at all.
Economic Development	Rehabilitation of a Hotel with 204 guest suites and a 38,000 square foot conference center.	The project would have been delayed or not happened at all.
Economic Development	Because of the BEDI/108 funds, the City was able to finance the construction of a key building downtown that has been vacant for almost a decade. Construction is underway now and has provided inspiration to other developers and businesses to operate downtown.	The City would have had to find a different way to finance acquisition and construction of the key downtown building. I don't know if that could have been done given other City priorities.
Public Facilities	The agency was able to secure a much larger, more private facility to assist battered women	The clients would have had to remain at past location and serve many less women.
Economic Development	The city built marketplace and affordable housing units, leveraging private funds and HOME funds to open a retail market with 21 FTE and 10 affordable housing units.	The project would never have been built.

Category	What was accomplished as a result of Section 108	What would have happened without it
Public Facilities	A new fire station was constructed and placed into service rapidly, providing improved fire and emergency medical services to residents and improved services for any critical incidents at an airport location. The Section 108 loan provided low-cost funding for a needed project, reducing demand on the City budget and demonstrating good stewardship of public money.	Had the Section 108 loan not been available, other capital improvement program funds would have been transferred to this project, slowing down development of the fire station and postponing development of a new senior citizens center in the City. The Section 108 loan for the fire station made possible full funding by the City for other capital projects, especially a new senior center.
Public Facilities	The project allowed creation of a much improved senior center, consolidation of non-profit services in one location, and led to infrastructure and beautification improvements. This project has served as a catalyst for further business development and interest in facade improvements to buildings in the area.	Non-profit would have had to remain in a building constructed in the early 20th century, service provision would have remained fragmented, and new improvements in infrastructure, buildings, and business start-ups would have been limited.
Economic Development	130 new jobs in the biotechnology sector.	The project would not have proceeded.
Housing	Provided transit-oriented family affordable housing development. The project served as an important anchor for a major transit corridor. It also provided an urgently needed childcare facility serving the residents and community. The project also helped revitalize this low-mod income area.	There likely would not have been enough available local subsidies to be able to complete the project in a timely manner. It is also possible that the project would not have happened at all, or would have been a much smaller project serving fewer families.
Public Facilities	The City with the Corp of Engineers is rebuilding a park. This will be wonderful amenity for our citizens and it is hoped it will lead to additional downtown revitalization when it is completed.	If the City had not secured Section 108 financing, the project would not have been completed. The City would have lost a $3 million State Grant and funds that were made available to the Corp of Engineers - over $5 million would have been lost.
Public facilities	Purchased the property that will be used for the right of way and will be starting construction in the Spring	The economic climate makes issuing bonds difficult

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EQUAL HOUSING OPPORTUNITY

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