



Section 108 Loan Guarantee

Avalon Project

308-310 4th Ave E

Olympia City Council
August 22, 2017

Section 108 Loan Guarantee Program

- **Gap financing**
for key economic and community development projects
- **Downtown emphasis**
especially elimination of blight
- **\$1,765,000 loan fund**
approved by HUD in 2012
- **City applies for individual projects to be eligible for loans**
- **One previous loan for downtown improvement projects**
\$325,000 for alley lighting and accessibility improvements

Avalon Project Summary

- City-owned site (308-310 4th Ave East)
- Private development partner – Big Rock Capital Partners
- City's first Community Renewal Area project
- 4-story redevelopment of blighted building
- Ground floor commercial co-working space (EDC/TESC partnership)
- 33 residential units on upper three floors
- 51% of units set aside at or below 80% of Area Median Income for 20 years (meets CDBG national objective)



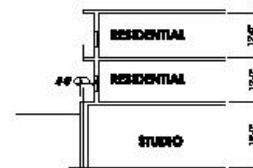
FIRST FLOOR



SECOND & THIRD FLOOR



FOURTH FLOOR



SECTION



Summary of Project Costs

- Estimated \$6.2 million total project costs
- Bank loan and developer/investor equity = approx. 92% of costs
- Section 108 loan to developer = approx. 8% of costs
- Twenty-year term of loan
- Section 108 loan subordinate to bank loan
- Loan guaranteed by future years' City CDBG grant funds
- Analysis and underwriting process by National Development Council



Next Steps – CDBG Action Plan Amendment

- Public Comment Period (30 days)
- Public Hearing (during public comment period)
- Action Plan amendment submitted to HUD
- Section 108 loan application submitted for HUD review



Questions?

**Leonard Bauer, Deputy Director
Community Planning & Development**

lbauer@ci.olympia.wa.us