

# Section 108 Loan Guarantee Avalon Project 308-310 4<sup>th</sup> 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 4<sup>th</sup> 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)











	TIAL AFFOR	RDABILITY WOR	RKSHEET				
NIT TYPES	3						
	Efficiency / S	Studios					
	1-BR / 1 Bath Apartments						
	TOTAL						
33	IOIAL			EEEICI	ENCY - STUDIO	1 00	R - 1 BA UNIT
					son Household	2-Person Household	
Olympia	- Thurston Coun	ty Median Income - 1	\$ 76,300	\$	53,500	\$	61,100
METE / C	DBG REQUIREM	ENT			80%		80%
	ld Income To Be				30 /6		<b>30</b> / <sub>0</sub>
	Annual Income			\$	42,800 2	\$	48,880
	Hourly Equival	ent		\$	20.58	\$	23.50
Maximun	n Affordable Rer	nt - Including Utilities	(30% of Income)	\$	1.070	\$	1,222
Utility Allowance - 3				\$	53	\$	69
Maximu	ım Affordable	Rent Level	<del>`                                      </del>	\$	1,017	\$	1,153
VALON A	AFFORDAB	<u> ILITY OBJECTI</u> \	<b>VE - 51% OF UNIT</b>	ΓS AT 80% A	AMI		
TALONA							
ALONF	Projected	Monthly Rent		\$	825	\$	860
TALOIT				\$ \$	825 53	\$ \$	860 69
	Projected	wance - 3					
Maxim	Projected Utility Allonum Rent +	wance - 3		\$	53	\$	69
Maxim	Projected Utility Allonum Rent +	Utilities		\$	53	\$	69
Maxim	Projected Utility Allo num Rent + e Affordabi	Utilities lity Achieved	unty Median Inco	\$ \$ \$	53 878	\$ \$	929
Maxim	Projected Utility Allo num Rent + e Affordabi	wance - 3 Utilities ility Achieved come a - Thurston Co	unty Median Inco	\$ \$ \$	53 878 35,120	\$ \$	929 37,160
Maxim	Projected Utility Allo num Rent + e Affordabi Annual Inc	wance - 3 Utilities ility Achieved come a - Thurston Co	unty Median Inco	\$ \$ \$ pme	53 878 35,120 66%	\$ \$ \$	37,160 61%

2 - Source: WSHFC.org/limits/detail.aspx?County=Thurston&Year=2017 3 - Source:WSFC - Utility Allowances:Thurston County- Apartments



#### 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?

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