



April 26, 2021

Section 108 Office
Section108@hud.gov

Dear Section 108 Office:

Attached you will find a Section 108 Loan Application from the City of College Station, Texas. This application is submitted to provide funding for a complete rehabilitation of LULAC Oak Hill Apartments, a property that was developed approximately 40 years ago using Section 202 Supporting Housing for the Elderly Program.

The loan was developed following the format identified in the Section 108 Application Tool. Included in this packet:

- Loan application document
- Certifications
- Original request from LULAC Oak Hill
- Public Notice
- Underwriting approval from Brazos Valley CDC
- Resolution approving application from City of College Station City Council

Please let me know if additional information is needed. Thank you!

Respectfully,

Debbie Eller
Director of Community Services
979-764-3771
deller@cstx.gov

cc. Stacia Johnson, Houston CPD Director
Christine Cuddeback, CPD Representative

COMMUNITY SERVICES

P.O. BOX 9960 • 511 UNIVERSITY DR. E. STE. 201 • COLLEGE STATION • TEXAS • 77842

TEL. 979.764.3778 • FAX. 979.764.3785

cstx.gov/commserv

City of College Station
Application for HUD Section 108 Loan Guarantee
LULAC Oak Hill Apartments

April 26, 2021

Submitted by: City of College Station Community Services Department
Community Development Division
Debbie Eller, Director
P. O. Box 9960
College Station, Texas 77840
979-764-3771
deller@cstx.gov

Introduction:

The City of College Station, Texas is requesting \$2,808,018 in funding under the Section 108 Loan Guarantee Program (Section 108) of the U. S. Department of Housing and Urban Development's (HUD) Community Development Block Grant Program (CDBG). The Section 108 program is a provision of the Community Development Block Grant (CDBG) program and allows Entitlement Communities to borrow up to five times their current annual grant amount. Future CDBG allocations guarantee the loan. Section 108 loans can be used as a source of financing for economic development, housing rehabilitation, public facilities, and infrastructure. Cities such as College Station do not receive enough CDBG funding in any one year to allow for the completion of large-scale physical development and rehabilitation projects. In addition, HUD regulations do not allow Entitlement communities to "Stock-pile" their allocations over several years to build sufficient funding for a project. Therefore, the loan guarantee program provides loans large enough to carry out larger local projects that can revitalize and improve neighborhoods. The loans are required to be repaid within 20 years and to not absorb all of the annual CDBG allocation. The current and future CDBG allocations are security for the loan.

Section 108 obligations are financed through underwritten public offerings. Financing between public offerings is provided through an interim lending facility established by HUD. Interest rates on interim borrowing are typically 15 to 20 basis points above the Treasury borrowing rates.

The activity to be carried out with the Section 108 must meet HUD's community development objectives as well as the City's priorities detailed in the latest PY2020 – 2024 Consolidated Plan. The primary objective of the CDBG program and the Section 108 program, as defined in 24 CFR 570.200(1)(3), is to assist low- to moderate-income (LMI) residents with at least 70% of its funding. Within this objective, all activities must meet one or more of the three national objectives defined under 24 CFR 570.200 (a)(2) as benefitting LMI families, aiding in the prevention or elimination of slums or blight, or meeting other community development needs that have an urgency due to existing

conditions that pose a serious and immediate threat to the health or welfare of the community and where other financial resources are not available.

Proposed Activities:

Eligibility: Housing Rehabilitation – LMH under 570.202 (a)(1); Matrix Code 14B

Requested Amount of Section 108 Assistance: Total: \$2,808,018

Description:

LULAC Oak Hill Apartments is a 50-unit property constructed approximately 40 years ago to provide housing to low-income elderly residents and persons with disabilities. Original funding for development included the Section 202 Supportive Housing for the Elderly program. One unit is reserved for an on-site manager.

LULAC Oak Hill has never undergone a substantial rehabilitation and many of its components are well beyond their useful life and in poor condition. A preliminary physical needs assessment was completed and a contractor was retained that has experience with multi-family renovations to inspect the property and provide a cost estimate for the necessary repairs. The estimated cost of renovations is approximately \$2,200,000, which would be cost-prohibitive to fund through conventional loans, LIHTC, or tax-exempt bonds due to the high cost and complexity of financing.

The scope of work for 50-units will include complete interior and exterior renovations that will increase safety for the tenants and include energy efficient upgrades. Renovations will include the Club Building, parking areas, and fencing.

As LULAC Oak Hill maintains 100% occupancy of all 50-units, temporary relocation will take place while each unit is being renovated. Relocation expenses will include housing, storage, and moving expenses for each tenant.

Rental Housing – Rehabilitation to address Special Needs the population is a goal identified in the PY2020 – 2024 Consolidated Plan and the PY2020 Action Plan.

All residents of LULAC Oak Hill apartments have a household income of 50% or less of the area median income and must be 62 years of age or older or have a disability. Therefore, this activity meets the objective of benefiting LMI residents.

This project will ensure safe, decent, affordable housing for the City’s low-income elderly population for at least 20 years.

Project Location:



Project Current Photos/Condition:



Estimated Timeframe:

The estimated timeframe for financing and construction is:

2021	April 9	Notice in Paper
	April 9 - 23	Public Comment Period
	April 22	Public Hearing
	April 22	Council Approval
	April 26	Application Submission
	April 26 - May 28	HUD Review
	May 29 - June 25	HUD Approval
	June 28 - Aug 27	Development of Financing Documents
	Aug 30 - Sept 24	Revision of Financing Documents
	Oct 8	Guaranteed Loan Closing
	Oct 15	Community Advances Funds
	Nov 1	Construction/Rehabilitation Begins
2022	August	Construction Completion

Information on Organizational Arrangements:

The City of College Station will act as the Lender and provide oversight to ensure compliance with Section 108 and CDBG requirements. LULAC Oak Hill, Inc. will be the non-profit third-party recipient administering the project and will be responsible for monthly loan payments to the City of College Station. LULAC Oak Hill, Inc. was the original developer of these apartments and has retained ownership for approximately 40 years. The non-profit board of directors has retained a managing agent, Mr. Bill Elsbree.

Bill Elsbree Professional Experience

Bill has served as a Vice President with Creative Property Management Co. since 2005. He graduated from Bentley University in 1980 with a Bachelor of Science in Accounting. From 1980 thru 1985, he worked for a national accounting firm, specializing in the auditing and syndicating of affordable housing properties. He became a Certified Public Accountant in 1983 and maintained this certification thru 2000. In 1985, he was hired by a client to serve as an in-house analyst, where his efforts focused on the financing, managing and redevelopment of older, distressed affordable rental housing properties, in addition to the financing of newly constructed developments. Since the late 1980s, he has served as a consultant and property manager for both for-profit and not-for-profit multifamily owners, with a focus on developing and maintaining strong relationships with their lenders, investors, and federal, state, and local government funders. He started working with Creative Property Management Co. in 1997 and manages a wide variety of governmental and institutional relationships for a portfolio of properties managed by CPM. His work has involved a wide range of public funding sources, including Section Eight, Section 236, Home and the Low-Income Housing Tax Credit. His recent experience has included serving as lead developer and managing the refinancing and renovation of two HUD Section Eight properties. He is a non-practicing member of the American Institute of Certified Public Accountants.

Information on Financial Underwriting:

Sources and Uses: This project will be carried out entirely utilizing the Section 108 funding.

Construction

Building Rehabilitation \$ 1,941,243

Professional Fees

General Requirements \$ 116,475

Overhead \$ 116,475

Profit \$ 38,825

Construction Contingency \$ 220,000

Architectural \$ 30,000

Survey \$ 5,000

Engineering \$ 10,000

Permits \$ 10,000

Inspections \$ 20,000

Bond \$ 25,000

Environmental \$ 5,000

Other Soft Costs

Accounting \$ 15,000

Legal \$ 30,000

Total/Recording \$ 40,000

Soft Cost Contingency \$ 60,000

Relocation

Relocation Costs \$ 75,000

Developer Fee

Developer Fee \$ 50,000

Total Project Cost \$ 2,808,018

Underwriting:

The City of College Station entered into an agreement with the Brazos Valley CDC, Inc. for an underwriting review of the potential Section 108 Loan. The review included a review of financials, audit, rent rolls, and project description and estimates. A Memorandum of Approval was issued by the Board of the CDFI on Thursday, January 14, 2021.

Brazos Valley CDC Inc.



A NON PROFIT COMMUNITY DEVELOPMENT FINANCE INSTITUTION (Certified CDFI) DEDICATED TO PROVIDING AFFORDABLE NON-PREDATORY FINANCIAL SERVICES TO TARGETED ORGANIZATIONS & RESIDENTS IN BRAZOS, BURLESON, GRIMES, HOUSTON, LEON, MADISON, ROBERTSON, WALKER AND WASHINGTON COUNTIES.

P. O. Drawer 4128, 4001 East 29th Street, Suite 180, Bryan, Texas 77805 979-595-2809 phone 979-595-2816 fax

Memorandum of Approval

Date: January 1, 2021

Attn: Debbie Eller, Director of Community Services
City of College Station

From: Paul Turney, President & CEO
Brazos Valley CDC, Inc.

Re: Letter of Agreement for underwriting review of potential Section 108 loan from the City of College Station to L.U.L.A.C. Oak Hill, Inc.

Mrs. Eller:

The Board of our CDFI, the Brazos Valley, CDC, Inc. met last Thursday, January 14, 2021, for their regularly scheduled Board meeting. Among other topics the City's request for underwriting review was discussed. Those Board members who had agreed to review the file for underwriting, Don Burback, Vice President, Community Development Specialist, Truist Bank and Amos McDonald, Market President, BBVA Bank both reported, based on their review of the application material provided by the City, this loan was very feasible and they recommended the Board approve underwriting said loan on behalf of the City of College Station. Tom Wilkinson made the motion to approve their recommendation, Dr. Robert Wright seconded and approval was unanimous. Board members present for this meeting included Jo Ann Biezenski, South Star Bank, Nathan Van Nord, Brenham National Bank, Al Scott, Wells Fargo Bank, Donalid Burback, Truist Bank, Amos McDonald, BBVA Bank, Dr. Robert Wright, Community Representative, and Tom Wilkinson, Community Representative. Should you need additional information or assistance from us on this project please contact my office.

Respectfully;


Paul Turney
President & CEO

LULAC Oak Hill Operating Pro Forma

LULAC Oak Hill Apartments Operating Pro Forma	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
INCOME													
Gross Potential Rent	39,400	39,400	39,400	39,400	39,400	39,400	39,400	39,400	39,400	40,000	40,000	40,000	474,600
Vacancy	-400	-400	-400	-400	-400	-400	-400	-400	-400	-400	-400	-400	-4,800
Discounts/Concessions	0	0	0	0	0	0	0	0	0	0	0	0	0
Delinquency	-100	-100	-100	-100	-100	-100	-100	-100	-100	-100	-100	-100	-1,200
TOTAL RENTAL INCOME	38,900	38,900	38,900	38,900	38,900	38,900	38,900	38,900	38,900	39,500	39,500	39,500	468,600
Sec Dep Forfeitures	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Laundry Income	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Electric Income	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	36,000
Late/Nsf Fees	0	0	0	0	0	0	0	0	0	0	0	0	0
Grant Income	0	0	10,000	0	0	10,000	0	0	10,000	0	0	10,000	40,000
Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL OTHER INCOME	3,200	3,200	13,200	3,200	3,200	13,200	3,200	3,200	13,200	3,200	3,200	13,200	78,400
TOTAL INCOME	42,100	42,100	52,100	42,100	42,100	52,100	42,100	42,100	52,100	42,700	42,700	52,700	547,000
EXPENSES													
VARIABLE EXPENSES													
GENERAL & ADMINISTRATIVE													
Equipment Leasing	90	90	90	90	90	90	90	90	90	90	90	90	1,080
General Office	400	400	400	400	400	400	400	400	400	400	400	400	4,800
Answering Service	70	70	70	70	70	70	70	70	70	70	70	70	840
Legal & Accounting	27	27	27	27	27	27	27	27	27	27	27	27	324
Management Fee	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	33,600
Miscellaneous	50	50	50	50	50	50	50	50	50	50	50	50	600
Software	120	120	120	120	120	120	120	120	120	120	120	120	1,440
Cable/Internet Service	165	165	165	165	165	165	165	165	165	165	165	165	1,980
Audit Expense	0	3,000	0	3,000	0	0	0	0	0	0	0	0	6,000
TOTAL GENERAL & ADMIN	3,722	6,722	3,722	6,722	3,722	3,722	3,722	3,722	3,722	3,722	3,722	3,722	50,664
ADVERTISING													
Advertising / Leasing	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Resident Activities	0	0	90	0	0	90	0	0	90	0	0	90	360
TOTAL ADVERTISING	100	100	190	100	100	190	100	100	190	100	100	190	1,560
MAINTENANCE & REPAIRS													
A/C & Heat Parts & Supplies	150	150	150	150	150	150	150	150	150	150	150	150	1,800
Exterminating	140	140	140	140	140	140	140	140	140	140	140	140	1,680
Landscaping	900	900	900	900	900	900	900	900	900	900	900	900	10,800
Maintenance & Repairs	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Make-Readies / Turnkeys	200	200	200	200	200	200	200	200	200	200	200	200	2,400
Supplies	50	50	50	50	75	50	50	50	50	75	50	50	650
TOTAL MAINT & REPAIRS	2,440	2,440	2,440	2,440	2,465	2,440	2,440	2,440	2,440	2,465	2,440	2,440	29,330

	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
PAYROLL													
Office Payroll	6,200	6,200	6,200	6,200	6,200	9,300	6,200	6,200	6,200	6,200	9,300	6,200	80,600
Maintenance Payroll	3,100	3,100	3,100	3,100	3,100	4,650	3,100	3,100	3,100	3,100	4,650	3,100	40,300
Payroll Bonus	0	0	1,400	0	0	0	0	0	0	0	0	0	1,400
Payroll Taxes	1,000	1,000	1,000	1,000	1,000	1,000	1,000	600	600	600	1,000	600	10,400
Workman's Comp. / Benefits	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
TOTAL PAYROLL	11,300	11,300	12,700	11,300	11,300	15,950	11,300	10,900	10,900	10,900	15,950	10,900	144,700
TTL VARIABLE EXPENSES	17,562	20,562	19,052	20,562	17,587	22,302	17,562	17,162	17,252	17,187	22,212	17,252	226,254
FIXED OPERATING EXPENSES													
UTILITIES													
Electricity	3,000	2,200	2,200	2,200	2,200	2,500	2,800	3,100	3,300	3,500	3,500	3,000	33,500
Gas	350	350	350	350	350	350	350	350	350	350	350	350	4,200
Water / Sewer	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
Trash Removal	420	420	420	420	420	420	420	420	420	420	420	420	5,040
Telephone	150	150	150	150	150	150	150	150	150	150	150	150	1,800
TOTAL UTILITIES	5,920	5,120	5,120	5,120	5,120	5,420	5,720	6,020	6,220	6,420	6,420	5,920	68,540
R E TAXES & INSURANCE													
Property Tax	0	0	0	0	0	0	0	0	0	0	0	0	0
Tax Rendering	0	0	0	0	0	0	0	0	0	0	0	0	0
Insurance	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	13,200
TOTAL TAX & INSUR	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	13,200
TTL FIXED OPER EXPENSES	7,020	6,220	6,220	6,220	6,220	6,520	6,820	7,120	7,320	7,520	7,520	7,020	81,740
TTL OPERATING EXPENSES	24,582	26,782	25,272	26,782	23,807	28,822	24,382	24,282	24,572	24,707	29,732	24,272	307,994
NET OPERATING INCOME	17,518	15,318	26,828	15,318	18,293	23,278	17,718	17,818	27,528	17,993	12,968	28,428	239,006
Debt Service	0	0	0	0	0	0	0	0	0	0	0	0	0
Loan Interest	0	0	0	0	0	0	0	0	0	0	0	0	0
Resident Services Staff	3,100	3,100	4,650	3,100	3,100	3,100	3,100	3,100	3,100	3,100	4,650	3,100	40,300
Replacement Reserves	0	0	0	0	0	0	0	0	0	0	0	0	0
TTL MORTG AND INTEREST	3,100	3,100	4,650	3,100	3,100	3,100	3,100	3,100	3,100	3,100	4,650	3,100	40,300
CASH FLOW FROM OPER	14,418	12,218	22,178	12,218	15,193	20,178	14,618	14,718	24,428	14,893	8,318	25,328	198,706
CAPITAL IMPROVEMENTS													
Appliances	0	0	0	0	0	0	0	0	0	0	0	0	0
Cabinets, Tops & Sinks	0	0	0	0	0	0	0	0	0	0	0	0	0
Carpet	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Capital Improvements	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
TOTAL CAPITAL IMPROV	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
NET CASH FLOW	12,418	10,218	20,178	10,218	13,193	18,178	12,618	12,718	22,428	12,893	6,318	23,328	174,706

Proposed Repayment Schedule:

Repayment for the Section 108 will be through rent revenue. The proposed Section 108 Principal-only Repayment Schedule:

2022	4	\$ 58,000
2023	12	\$ 140,000
2024	12	\$ 140,000
2025	12	\$ 140,000
2026	12	\$ 140,000
2027	12	\$ 140,000
2028	12	\$ 140,000
2029	12	\$ 140,000
2030	12	\$ 140,000
2031	12	\$ 140,000
2032	12	\$ 140,000
2033	12	\$ 140,000
2034	12	\$ 141,000
2035	12	\$ 141,000
2036	12	\$ 141,000
2037	12	\$ 141,000
2038	12	\$ 141,000
2039	12	\$ 141,000
2040	12	\$ 141,000
2041	12	\$ 141,000
2042	8	\$ 82,000
		\$ 2,808,000

Proposed collateral for the Section 108 guaranteed financing in addition to pledged CDBG funds would be the physical property located at 1105 Anderson, College Station, Texas 77840 (Brazos County Property ID 10508; Legal Description A000701, Crawford Burnett (ICL), Tract 147.1, 5,41 Acres, & Associated BPP)

Information for Program Requirements:

Eligibility Category: 24 CFR 570.703 (h) – Housing Rehabilitation
Rental Housing Rehabilitation – 24 CFR 570.202(a)(1) – Rehabilitation Assistance
CDBG National Objective – 24 CFR 570.208 (a)(3) Matrix Code 14B

Public Notice:

A public notice was run in the local newspaper on 4/9/2021 and included a description of the project, notification of 15-day public comment period, and notice of Public Hearing and Council Consideration of Approval at the 4/22/2021 City Council meeting. No comments were received from the public.

LULAC Oak Hill
1105 Anderson Street
College Station, TX 77840

May 28, 2020

Debbie Eller
Director of Community Services
City of College Station
511 University Drive East
College Station, TX 77840

Re: LULAC Oak Hill Renovations

Dear Ms. Eller:

On behalf of the LULAC Oak Hill board of directors, I am writing to request the City of College Station consider assisting with the renovation of LULAC Oak Hill Apartments. The 49-unit property was constructed almost 40 years ago to provide housing to low income seniors and persons with disabilities, with all of the residents benefiting from HUD Section Eight rental assistance. The community is owned by the same locally-based not-for-profit that initially conceived and developed it in the early 1980s.

LULAC Oak Hill has never undergone a substantial rehabilitation and many of its components are now well beyond their useful life and in poor condition. We have completed a preliminary physical needs assessment and retained a contractor that is experienced in multi-family renovations to inspect the property and provide a cost estimate for the necessary repairs. The estimated cost of the renovations is approximately \$2,100,000, which cannot be funded through conventional or direct HUD funding. The renovation could be funded through a combination of low income housing tax credits and tax-exempt bonds, but this is an extremely expensive alternative due to the complexity of the financing and would require the current community-based owner to give up control. The HUD/College Station Section 108 funding that has been discussed could efficiently fund the renovation and preserve local control.

Attached are several documents that provide detail regarding the operations of the property and the proposed renovations:

- Preliminary Physical Needs Assessment
- Preliminary Contractor Cost Estimate
- 2019 Audited Financial Statement
- FY 2020 Operating Budget

- April 2020 Statement of Operations
- April 2020 Balance Sheet
- LULAC Oak Hill Board of Directors

Please let me know if you would like any additional information to consider this request.

Sincerely,

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

William Elsbree
Managing Agent

LULAC Oak Hill
1105 Anderson Street
College Station, TX 77840

Board of Directors

President	Reginald Stephens
Vice President	Janelle Ramirez
Treasurer	Roy Flores
Chaplin	Mark Ramirez
Sgt. At Arms	Tracey Rodriguez
Sitting Member	John Jimenez

Ad Content Proof

Note: Ad size does not reflect actual ad

NOTICE OF PUBLIC COMMENT AND PUBLIC HEARING

The City of College Station proposes to submit an application to the U. S. Department of Housing and Urban Development (HUD) and the Section 108 Loan Guarantee Program for the LULAC Oak Hill Apartments Rehabilitation Project in an amount of \$2,808,018. LULAC Oak Hill Apartments is a 49-unit property that was developed through the Section 202 Supporting Housing for the Elderly Program. Tenant household income must be at or below of 50% of the Area Median Income and must be one 62 year. The Rehabilitation Project will meet the City's Consolidated Plan Goal of addressing Rental Housing - Rehabilitation for low- to moderate- income special needs and disabled populations.

The draft Section 108 Application can be viewed online at https://www.csix.gov/departments__city_hall/comrnter/vdevelopment/subdications

A 15-day comment period on the draft Section 108 Loan application will be Friday, April 9, 2021 - Friday, April 23, 2021. Comments regarding the proposed application may be submitted in writing to the Community Services Department, City of College Station, P.O. Box 9960, College Station, Texas 77842. E-mail responses may be directed to delier@csix.gov. Comments by telephone may be directed to (979) 764-3771. Comments will be accepted until 5 pm on April 23, 2021.

The City of College Station City Council will hold a Public Hearing on the proposed Section 108 Loan application on April 22, 2021 at 6:00 PM at the Regular City Council meeting via zoom internet: <https://zoom.us/j/95621140202>. Phone 888-475-4699 with Webinar ID 997 6214 6757 . The public is invited to review and make comments on the proposed application. Comments can be made in writing or in person at the public hearing or may be made in writing to be received by the City Secretary prior to the end of business on April 22, 2021 at caso@csix.gov.
4-9-21



Brazos Valley CDC Inc.

A NON PROFIT COMMUNITY DEVELOPMENT FINANCE INSTITUTION (Certified CDFI) DEDICATED TO PROVIDING AFFORDABLE NON-PREDATORY FINANCIAL SERVICES TO TARGETED ORGANIZATIONS & RESIDENTS IN BRAZOS, BURLESON, GRIMES, HOUSTON, LEON, MADISON, ROBERTSON, WALKER AND WASHINGTON COUNTIES.

P. O. Drawer 4128, 4001 East 29th Street, Suite 180, Bryan, Texas 77805 979-595-2809 phone 979-595-2816 fax

Memorandum of Approval

Date: January 1, 2021

Attn: Debbie Eller, Director of Community Services
City of College Station

From: Paul Turney, President & CEO
Brazos Valley CDC, Inc.

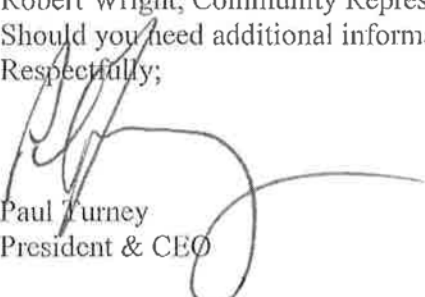
Re: Letter of Agreement for underwriting review of potential Section 108 loan from the City of College Station to L.U.L.A.C. Oak Hill, Inc.

Mrs. Eller:

The Board of our CDFI, the Brazos Valley, CDC, Inc. met last Thursday, January 14, 2021, for their regularly scheduled Board meeting. Among other topics the City's request for underwriting review was discussed. Those Board members who had agreed to review the file for underwriting, Don Burback, Vice President, Community Development Specialist, Truist Bank and Amos McDonald, Market President, BBVA Bank both reported, based on their review of the application material provided by the City, this loan was very feasible and they recommended the Board approve underwriting said loan on behalf of the City of College Station. Tom Wilkinson made the motion to approve their recommendation, Dr. Robert Wright seconded and approval was unanimous. Board members present for this meeting included Jo Ann Biezenski, South Star Bank, Nathan Van Nord, Brenham National Bank, Al Scott, Wells Fargo Bank, Donald Burback, Truist Bank, Amos McDonald, BBVA Bank, Dr. Robert Wright, Community Representative, and Tom Wilkinson, Community Representative.

Should you need additional information or assistance from us on this project please contact my office.

Respectfully;


Paul Turney
President & CEO

RESOLUTION NO.04-22-21-5.1

A RESOLUTION OF THE CITY OF COLLEGE STATION, TEXAS, APPROVING AN APPLICATION TO THE U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT FOR A SECTION 108 LOAN PROVIDING FUNDING THROUGH A LOAN TO LULAC OAK HILL, INC. FOR THE COMPLETE REHABILITATION OF THE OAK HILL APARTMENT COMPLEX.

WHEREAS, the City of College Station is entitled to receive \$1,185,518 in Community Development Block Grant (CDBG) funds in Program Year 2020 and can access a loan of up to five times this amount through the Section 108 Loan Guarantee Program; and

WHEREAS, housing rehabilitation is an eligible activity under the Section 108 Loan Guarantee Program; and

WHEREAS, the City of College Station, Texas, has a Five-Year Consolidated Plan that identifies the goal of Rental Housing – Rehabilitation for Special Needs Populations; and

WHEREAS, LULAC Oak Hill, Inc. has submitted a request to the City of College Station for assistance to complete a rehabilitation of the Oak Hill Apartment Complex in an amount not to exceed \$3,000,000.00; and

WHEREAS, All of the tenants at LULAC Oak Hill, Inc. Apartments have an income of 50% or less of the area median income and are age 62 years or over, therefore meeting the CDBG objective of benefiting LMI residents; and

WHEREAS, the City of College Station has an established Community Development Program under Chapter 373 of the Texas Local Government Code that (1) identifies areas of the City of College Station with concentrations of low- and moderate- income persons; (2) establishes areas in which program activities are proposed; (3) provides a plan under which citizens may publicly comment on activities; and (4) requires public hearings on program activities; and

WHEREAS, the City of College Station has provided adequate information for public comment as required by the Citizen Participation Plan; now, therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF COLLEGE STATION, TEXAS:

PART 1: That the College Station City Council hereby approves the U. S. Department of Housing and Urban Development application for a Section 108 Loan to provide loan assistance to LULAC Oak Hill, Inc. for the rehabilitation of Oak Hill Apartments.

PART 2: That the City Council hereby authorizes and designates the City Manager or his designee to execute and submit all required applications, certifications, evaluations, amendments, and other forms required by HUD for the Section 108 Loan Guarantee Program on behalf of the City of College Station.

PART 3: That this resolution shall take effect immediately from and after its passage.


ADOPTED this 22nd day of April, 2021.

ATTEST:



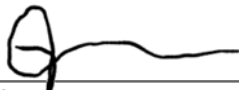
City Secretary

APPROVED:



Mayor

APPROVED:



City Attorney

Section 108 APPLICATION TOOL ¹

This tool lists the general elements that states and local governments seeking to apply for Section 108 loan guarantee assistance should include in an application to HUD.

For applications for specific project(s), ONLY use Section I and II. For loan fund applications, ONLY use Section I and III.

SECTION I: ALL APPLICATIONS

Discussion of the proposed activities in the context of the Applicant's community development objectives as included in its HUD Consolidated Plan

Requested Amount of Section 108 Assistance (in increments of \$1,000)

- If the Section 108 financing fee (the fee that HUD charges for loan disbursements under Section 108 loan guarantee commitments) is going to be paid for with Section 108 loan proceeds, please include that amount in the overall request. (The fee is announced through a Federal Register notice posted on program website each fiscal year.)
- This amount must be equal to or lower than the local government's or state's available borrowing capacity under the program. (Current availability is noted [here](#))

Specific Section 108 Certifications and Other CDBG Certifications to accompany an application (comparable to what the public entity already uses for CDBG Program)

- *Entitlement Public Entities:* HUD has a form that Entitlement Public Entities can use to meet these requirements: [Certifications to Accompany HUD Section 108 Loan Guarantee Program Applications for Entitlement Public Entities](#)
- *States and Non-entitlement Public Entities:* HUD can provide specific guidance for these applicants as to any certifications or other forms needed to accompany their applications; however, the requirements for these entities are minimal.

¹ Updated on 2/11/2020. This tool is explanatory in nature and neither replaces nor supersedes any requirements at 24 CFR Subpart M (570.700-712).

SECTION II: PROJECT(S)-SPECIFIC APPLICATIONS

✓ **Project Information**

- Detailed description of project(s) to be financed with the Section 108 guaranteed loan with any relevant information to support the project need
 - If part of a larger development or local initiative/plan, include a discussion of the overall initiative/plan
- Estimated timeline for project(s)
 - If applicable, project construction schedule
 - If applicable, necessary timeline for HUD guaranteed financing and/or expected closing date of local loan
 - Information on when environmental review process will occur, or, if begun, current stage of process

✓ **Form of Assistance**

- If applicable, how assistance will be provided by Applicant/its DPA to a third party (e.g. loan, grant, guarantee)
 - Example: if assistance will be provided through a loan, please provide information on the local loan terms
- If the activity involves using Section 108 within a New Markets Tax Credit structure, please provide a flow chart illustrating the flow of Section 108 funds.

✓ **Information on Organizational Arrangements**

- Identify entity or entities carrying out the project or project components
 - Describe type of entities are involved: unit of general local government, designated public agency (DPA), non-profit subrecipient administering project on Applicant's behalf, or third party developer or business
- Basic information on experience or capacity of parties involved to carry out this type of activity
- If multiple parties will own/lease the property during development, identify when and how ownership/leases will be transferred.
 - Example: a project involves two phases, local government acquires land and makes site improvements (both eligible under [24 CFR 570.203](#)) before it sells land to for-profit developer for mixed-income housing.

✓ **Information for Financial Underwriting**

- Sources and uses statement (for the entire project)
 - Should cover total project development cost
 - Identify the specific uses of Section 108 funds
 - Section 108 financing fee should be accounted for as a use of funds
- Information on other proposed and committed sources of project financing
- Information on estimated revenue and operating expenses
 - For a real estate project, a pro forma
 - For a business loan, financial statements and pro forma cash flow analysis
- Identification of repayment source(s) for Section 108 loan (e.g., project revenue, grant funds, other source)
- Proposed Section 108 principal-only repayment schedule (Max of 20 years; each year in \$1000 increments)
- Proposed collateral for the Section 108 guaranteed financing (in addition to pledged CDBG funds)

✓ **Information for Program Requirements** *[Please note that HUD can assist in identification of this information.]*

- Eligible Section 108 activity categories and associated citations to [24 CFR 570.703](#) for components of that project
- Description of CDBG national objective(s) that the project(s)/project components will meet and associated citations to [24 CFR 570.208](#)
 - Components can meet different national objectives or different criteria for the same national objective
 - Example: mixed-use redevelopment with 108 funds going into both commercial and residential components can benefit low- and moderate-income (LMI) persons through both jobs (commercial) and housing (residential)
- Supporting documentation demonstrating how national objectives will be met
 - Example: For LMI area benefit ([24 CFR 570.208\(a\)\(1\)](#)), please provide maps and census information or survey data on proposed area.
- If applicable (if project includes a special economic development activity under [24 CFR 570.203](#)), how the activity meets the individual public benefit standard (See [24 CFR 570.209\(b\)\(3\)-\(4\)](#))