

APPLICATION FOR
SECTION 108 LOAN GUARANTEE PROGRAM
DRAFT

Grantee: City of Downey, CA+
11111 Brookshire Avenue
Downey, CA 90241
DUNS# 067790386

The City of Downey is submitting the application for \$3.0 million in loan guarantee funds under Section 108 of the Housing and Community Development Act of 1974. The City intends to use this federal Program to construct a neighborhood center for residents immediately surrounding the former NASA/Downey property.

The proposed project will meet the national objective of principally benefitting persons of low and moderate income by providing public meeting space for a variety of programming specifically for neighborhood residents including neighborhood watch and other resident groups, and tutoring space for neighborhood children. The facility will also serve as a cooling center for nearby elderly residents during the hot summer months.

Activity Details:

Project Name: Inspiration Neighborhood Center
Project Location: 12420 Columbia Way
Funding Amount: \$ 3,000,000
National Objective: Low- Mod Benefit, Area Benefit
Eligibility Citation: 24 CFR 507.703 (I)

Project Description: The City is proposing to construct a multi-purpose community building which will be located on dedicated open space within the former NASA owned property that was once home to the Apollo and Space Shuttle programs. The proposed public facility will incorporate lesser-known artifacts from this historic period in Downey.

The new building will serve as a neighborhood center and benefit residents from the adjacent residential areas with community meeting and activity space, and a permanent home for the wooden, full-size model (mock-up) of a space shuttle. The replica was donated to the City of Downey by the National Aeronautics and Space

Administration (NASA) and will incorporate an historic preservation element to this project. The City is required, per a prior agreement with NASA, to house the wooden model, but it is not anticipated to be a regional draw, due to the location of an actual space shuttle, the *Endeavour*, ten miles away at the California Science Center. In fact, the City does not intend to construct parking for this facility, specifically due to its purpose as a neighborhood center. Users will access the facility by foot or on the fixed-route bus system recently re-routed to include a stop at the park.

The project is intended to inspire neighborhood pride and unity, in contrast to the blighted conditions that the property has exhibited for the last decade. A portion of the neighborhood served by the proposed center is the Elm Vista neighborhood, a long-time focus of intense Police Department enforcement and preservation efforts. The Center will allow for safe, comfortable meeting and mediation space for the residents. It will be flexible enough to switch from meetings to smaller group break-out sessions to private cubicle spaces for tutoring, counseling and low-income healthcare services. The space will be adaptable for play space for neighborhood children. Partnerships are already being developed to provide space for after-school childcare programs for low and moderate income children attending schools within walking distance of the proposed *Inspiration* Neighborhood Center. Priority for space use will be given to neighbors of the Center.

Project Eligibility: Based on data from the 2000 census which was supplied by the CPD office, the principal area served by the Inspiration Neighborhood Center is within one quarter mile radius of the project. This area consists of a residential population of 44.9% low and moderate income persons. As a designated "exception community" under Section 24 CFR 570.208(1) (ii), the project proposed by the City complies with the area benefit test, because it exceeds the 43.3% exception threshold for the City of Downey.

Our analysis also assumed a secondary benefit area with a distance of one half mile from the neighborhood center. This area consists of a residential population of 46.8% low

and moderate income persons. As a designated "exception community" under Section 24 CFR 570.208(1)(ii), this area also exceeds the 43.3% exception threshold for the City of Downey.

Project Financing: The scope of this project including soft and hard cost will be financed through the loan funds from the Section 108 Loan program.

Project schedule: The City expects to complete the project before the end of program year 2013-2014. The design phase will be completed within 6 months after receiving approval on the Section 108 loan. The construction phase will be completed within 8 months after completion of the design phase and the bid phase.

Under the proposed project schedule and cost budget this project will be compliant with the overall benefit requirement under Section 570.200(a) (3). Where over program years 2012, 2013, and 2014 at least 70 percent of CDBG funded activities will benefit persons of low and moderate income.

Section 108 Program Borrowing Limits

The amount of loan proceeds requested by the City of Downey is approximately 83% of the total available to the City under the Section 108 Program. Based on our in-house calculation, the City can borrow up to \$3.6 million. This figure is based on the City's current year CDBG allocation of \$1,043,000 multiple by a factor of 5 years and subtracting the loan balance on two existing Section 108 obligations. The City is limiting this application to \$3.0 million.

Loan Repayment Structure

The City is requesting a 20 year loan term with a flexible nonconforming repayment plan. The City is proposing a payment plan consisting of interest only payments for the first four years of the loan followed by interest and

principal payment from year 5 through year 20. All payments on this product will be made from the City annual CDBG allocation. The preferred payment plan is reflected below:

Requested Amount: \$3,000,000

Repayment Term: 20 years

Payment Plan: Year 1 – 4 Interest only payments
Year 5 – 20 Annual principal payment of \$187,500
plus accruing loan interest

Collateral: Pledge of \$3,000,000 toward future CDBG entitlement awards

Citizen Participation Process

The City of Downey adopted a Citizen Participation Plan in June 1995 and approved an update of the Citizen Participation Plan in May 2010. The Plan establishes the process for public input and notification pertaining to the substantial changes and amendments to the CDBG program. A public notice was published in the local newspaper, the Downey Patriot, on December 6, 2012, initiating the start of a 30 day public review and comment period. A public hearing scheduled on January 8, 2013 allowed for public input and comment prior to action on this matter by the Downey City Council.

Public Comment Received

Note: This section to be completed after the public comment and public hearing process: The number of individual(s) who spoke at a public hearing on the proposed application and expressed support or opposition for the City's utilization of the federal resource.

Local Agency Contacts

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Downey, CA 90241

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APPLICATION ATTACHMENTS

- Project Area Benefit Low/Moderate Income Data Table
- Program Certifications
- City Council Resolution No. 12-
- Public Hearing Notice

ATTACHMENT

Inspiration Community Building

Project Area Benefit Income Data By Census Block Group
Source 2000 Census Count

Primary Area Benefit at ¼ Mile radius from project site

CENSUS TRACT	BLOCK GROUP	LOW/MOD COUNT	POPULATION COUNT	L/M PERCENT OF TOTAL
5511.00	4	854	1607	53.1%
5512.02	1	881	1719	51.3%
5512.02	2	215	762	28.2%
5512.02	3	1315	2638	49.8%
5513.00	1	902	1994	45.2%
5518.00	5	64	324	19.8%
5518.00	6	214	627	34.1%
5518.00	8	520	1385	37.5%
Total		4965	11056	44.9%

Secondary Area Benefit at 1/2 Mile radius from project site

CENSUS TRACT	BLOCK GROUP	LOW/MOD COUNT	POPULATION COUNT	L/M PERCENT OF TOTAL
5511.00	2	2175	3233	67.3%
5511.00	4	854	1607	53.1%
5512.02	1	881	1719	51.3%
5512.02	2	215	762	28.2%
5512.02	3	1315	2638	49.8%
5512.02	4	807	2195	36.8%
5517.00	1	1107	2282	48.5%
5518.00	4	133	842	15.8%
5518.00	5	64	324	19.8%
5518.00	6	214	627	34.1%
5518.00	7	262	642	40.8%
5518.00	8	520	1385	37.5%
Total		8547	18256	46.8%

SECTION 108 LOAN GUARANTEE
Entitlement Public Entity Certification

In accordance with Section 108 of the Housing and Community Development Act of 1974, as amended (the "Act"), and with 24 CFR Part 570.704(b), the public entity certifies that:

- (1) It possess the legal authority to make the pledge of grants required under §570.705(b) (2).
- (2) It has made efforts to obtain financing for activities described in the application without the use of the loan guarantee and cannot complete such financing consistent with the timely execution of the program plans without such guarantee.

In accordance with Section 108 of the Housing and Community Development Act of 1974, as amended (the "Act"), and with 24 CFR Part 570.704(b) (8), the public entity further certifies that:

- (i) It possesses the legal authority to submit the application for assistance under this subpart and to use the guaranteed loan funds in accordance with the requirements of this subpart.
- (ii) Its governing body has duly adopted or passed as an official act a resolution, motion or similar action:
 - (A) Authorizing the person identified as the official representative of the public entity to submit the application and amendments thereto and all understandings and assurance containing therein, and directing and authorizing the person identified as the official representative of the public entity to act in connection with the application to provide such additional information as may be required; and
 - (B) Authorizing such official representative to execute such documents as may be required in order to implement the application and issue debt obligations pursuant thereto (provided that the authorization required by this paragraph (B)) may be given by the local governing body after submission of the application but prior to execution of the contract required by §570.705(b).
- (iii) Before submission of its application to HUD, the public entity has:
 - (A) Furnished citizens with information required by §570.704(a)(2)(i);
 - (B) Held at least one public hearing to obtain the views of citizens on community development and housing needs; and
 - (C) Prepared its application in accordance with §570.704(a)(1)(v) and made the application available to the public.
- (iv) It is following a detailed citizen participation plan which meets the requirements described in §570.704(a)(2).
- (v) The public entity will affirmatively further fair housing, and the guaranteed loan funds will be administered in compliance with:
 - (A) Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq); and
 - (B) The Fair Housing Act (42 U.S.C. 3601-3619).
- (vi) In the aggregate, at least 70 percent of all CDBG funds, as defined at §570.3, to be expended during the one, two, or three consecutive years specified by the public entity for its CDBG program will be for activities which benefit low and moderate income persons, as described in criteria at §570.208(a).
- (vii) It will comply with the requirements governing displacement, relocation, real property acquisition, and the replacement of low and moderate income housing, as described in §570.606.
- (viii) It will comply with the requirements of §570.200(c)(2) with regard to the use of special assessment to recover the capital costs of activities assisted with guaranteed loan funds.
- (ix) (Where applicable) It lacks sufficient resources from funds provided under this subpart or program income to allow it to comply with the provisions of §570.200(c)(2), and it must therefore assess properties owned and occupied by moderate income persons, to recover the guaranteed loan funded portion of the capital costs without paying such assessments in their behalf from guaranteed loan funds.
- (x) It will comply with the other provisions of the Act and with other applicable laws.

Public Entity's Legal Name: City of Downey

Date

Signature of Authorized Representative: _____
Gilbert A. Livas, City Manager