

2017 Section 108 Loan Guarantee Program Application Sandy Springs, GA



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**Adopted: TBD
Submitted: TBD
U.S. Department of Housing and Urban Development
Atlanta Region IV Office
Five Points Plaza Building
40 Marietta Street
Atlanta, GA 30303**



Introduction

This is an application for \$2,950,000 in funding under the Section 108 loan guarantee program of the federal Community Development Block Grant (CDBG) Program administered by the U.S. Department of Housing and Urban Development (HUD). It provides communities with a source of financing for economic development, housing rehabilitation, public facilities, and large-scale physical development projects. HUD considers this one of the most potent and important tools that it offers to local governments. It allows them to transform a small portion of their CDBG funds into federally guaranteed loans large enough to pursue larger local projects that can improve entire neighborhoods. Local governments, however must pledge their current and future CDBG allocations to cover the loan amount as a security for the loan. Therefore, the principle security for the loan guarantee by the City of Sandy Springs to make repayment from its current and future CDBG funds. Additional security requirements are also required by HUD on a case-by-case basis to assure repayment of guaranteed obligations.

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 priced on a three-month London Interbank Offered Rate (LIBOR) plus 20 basis points (0.2%). Permanent financing is pegged to yields on the U.S. Treasury securities of similar maturity to the principle amount. A small additional spread, depending on the maturity, will be added to the Treasury market yield to determine the actual interest rate.

Statement of Community Development Objectives

The proposed use of Section 108 loan funds in this application meets the following goal under the City's Five Year Consolidated Plan for FY 2013 -2017, as amended, and Annual Action Plan for FY 2016, as amended. These plans are required for funding under HUD community development programs that includes the CDBG program.

Community Development Goal

This application satisfies the 2016 community development goal of Public Improvements and Infrastructure. This project will facilitate the movement of pedestrians to school, jobs and shopping.

Specific Community Development Objectives

The project is to allow completion of the South Roswell Road Multi-Year Sidewalk Improvement Project.

Proposed Use of Funds

The City proposes to request \$2,950,000 in Section 108 funds to be repaid over an 10 year period from its current and future CDBG entitlement allocations awarded through HUD. These funds will be used to complete the South Roswell Road Sidewalk project in a much shorter period of time than the current method of annual incremental funding. It will allow the City to complete the project at a lower cost by combining several years of work into one contract. Cost savings will be realized in the economies of scale obtained as well as the reduction of start-up cost by the contractor.

Background

The City of Sandy Springs began the South Roswell Road Sidewalk project in 2014 with the intent to provide improved access to shopping, services, transit and jobs for lower income residents living on the south side of the community. This is an area with many apartment complexes lining Roswell Road south of its intersection with Interstate 285. In between the apartment complexes are small single building commercial spaces and small strip shopping centers developed before Sandy Springs became a City. Sidewalks were not required on this stretch of roadway that was essentially a slowly developing road to the more northern suburbs for many years.

As the quality of commercial growth improved and additional lower income residents moved into the area the City recognized the need to better connect those residents with services and transit. The improved sidewalk network along Roswell Road was envisioned as a way to improve those connections for these residents. CDBG funding has been utilized on an annual basis to construct this network. This project was started in 2013 with a portion of the resources from the annual CDBG appropriation. Approximately one-third of the total length has been able to be completed.

The Section 108 loan guarantee funds will allow the completion of the South Roswell Road Sidewalk project from Interstate 285 to Long Island Drive within the target area located in Census Tract 102.12 to provide pedestrian access to commercial and retail services, City parks, public transit, the North Fulton Community Service Center and other services. Design services are underway utilizing the annual CDBF appropriation and environmental work will be updated when design is complete. To complete the project, damaged walkways will be replaced and areas lacking sidewalks will have new sidewalks installed. All sidewalk improvements will meet ADA design standards, as well as the City's Suburban Overlay District Standards. The overlay district standards require paving accents, street lighting, landscaping, and other improvements to complete the sidewalk network. The project budget for completion is approximately \$4,300,000 allocated as follows:

Design	\$100,000
Right of Way	\$1,500,000
Construction	\$2,700,000

It is the intent of the City to utilize funds currently on hand along with CDBG allocations for the next two program years to completely fund the budget. That is why repayment is requested to begin in 2020.

Eligible Activities

Public improvements in the CDBG Target Area are eligible activities for the use of Section 108 loan funds in accordance with Section 570.703 (I) of the CDBG regulations. Section 570.703 (I) describes the types of public improvements that are eligible for the use of Section 108 loan funds to include acquisition, construction, reconstruction, rehabilitation, or installation of public facilities (except for buildings for the general conduct of government), public streets, sidewalks, and other site improvements and public utilities.

In addition, Section 501.703 of the CDBG regulations states that the guaranteed loan funds may be used for eligible activities provided all such activities meet the requirements of Section 570.200 which provides that eligible activities with regard to the use of Section 108 funds must meet a CDBG national objective. The CDBG regulations further requires a description of how each activity to be carried out with guaranteed loan funds meets one of the national objective criteria in Section 570.208 which is described below.

CDBG National Objective and Program Benefit

The public improvements proposed meet the CDBG national objective of benefitting low and moderate income persons. Census Tract 102.12 has a low and moderate income population of greater than 40.7%. Specific blocks included are block 1 at 59.83%, block 2 at 23.26% and block 3 at 23.30% This project is the continuation of a previously funded sidewalk and streetscape project that also meets the national objective of benefitting low and moderate income persons. In the past phased improvements have been completed using CDBG funds, however the amount of CDBG funding available each year has limited the project and cost more to construct due to the need to bid each year and to pay for the contractor to mobilize in each funding cycle. Using the Section 108 loan the sidewalk network can be completed more efficiently, thereby serving the community sooner than anticipated.

Relocation and Program Income

There are no relocation activities anticipated as a result of this application, nevertheless, the City will comply with all applicable laws and regulations should the need arise. The proposed activity is also not expected to generate program income.

Repayment Schedule

Sandy Springs proposes a loan repayment period of 10 years to begin after year three of the project and requests annual payments of principal and interest estimated at an average of \$350,000. The proposed repayment schedule is outlined in the following table.

Loan Summary

Loan Amount:	\$2,950,000.00	Number of Payments:	10
Annual Interest Rate:	4.2500%	Periodic Payment:	\$355,672.24
Loan Date:	07/14/2017	First Payment Due:	01/14/2020
Payment Frequency:	Annually	Last Payment:	01/14/2029
Total Interest Due:	\$925,573.56	Total All Payments	\$3,875,573.56



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Estimated Payments

#/Year	Date	Payment	Interest	Principal	Balance
Loan	7/14/2017	318,851.16	318,851.16	0	2,950,000.00
1	1/15/2020	355,672.24	10,447.92	345,224.32	2,604,775.68
	Running Totals:	674,523.40	329,299.08	345,224.32	
2	1/15/2021	355,672.24	112,885.03	242,787.21	2,361,988.47
	Running Totals:	1,030,195.64	442,184.11	588,011.53	
3	1/15/2022	355,672.24	102,363.19	253,309.05	2,108,679.42
	Running Totals:	1,385,867.88	544,547.30	841,320.58	
4	1/15/2023	355,672.24	91,385.35	264,286.89	1,844,392.53
	Running Totals:	1,741,540.12	635,932.65	1,105,607.47	
5	1/15/2024	355,672.24	79,931.76	275,740.48	1,568,652.05
	Running Totals:	2,097,212.36	715,864.41	1,381,347.95	
6	1/15/2025	355,672.24	67,981.80	287,690.44	1,280,961.61
	Running Totals:	2,452,884.60	783,846.21	1,669,038.39	
7	1/15/2026	355,672.24	55,513.95	300,158.29	980,803.32
	Running Totals:	2,808,556.84	839,360.16	1,969,196.68	
8	1/15/2027	355,672.24	42,505.78	313,166.46	667,636.86
	Running Totals:	3,164,229.08	881,865.94	2,282,363.14	
9	1/15/2028	355,672.24	28,933.86	326,738.38	340,898.48
	Running Totals:	3,519,901.32	910,799.80	2,609,101.52	
10	1/15/2029	355,672.24	14,773.76	340,898.48	0
	Running Totals:	3,875,573.56	925,573.56	2,950,000.00	



Further information regarding this project and this application is available by contacting:

Jim Tolbert, Assistant City Manager

City of Sandy Springs

7840 Roswell Road, Building 500

Sandy Springs, GA 30350

770-206-1418

Section 108 Loan Guarantees

Entitlement Public Entity Certifications

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

- (i) It possesses the legal authority to submit the application for assistance under 24 CFR Part 570, Subpart M ("Subpart M") and to use the guaranteed loan funds in accordance with the requirements in Subpart M.
- (ii) Its governing body has duly adopted or passed as an official act a resolution, motion, or similar action authorizing the person identified as the official representative of the public entity to submit the application and amendments thereto and all understandings and assurances contained 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.
- (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 the citizens on community development and housing needs; and
 - C. Prepared its application in accordance with 570.704(a) (1) (iv) 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 (Pub. L. 880352, U.S.C. 2000d et seq.); and
 - B. The Fair Housing Act (42 U.S.C. 3601-20)

- (vi) In the aggregate, at least 70 percent of all CDBG funds, as identified a 570.3(e), 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 will 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 described in 570.606.
- (viii) It will comply with the requirements of 570.200(c) (2) with regard to the use of special assessments to recover the capital costs and activities assisted with guaranteed loan funds.
- (ix) It will comply with the other provisions of the Act and with other applicable laws.

**Certification Regarding Debarment, Suspension,
And Other Responsibility Matters—
Primary Covered Transactions**

- (1) The prospective primary participant certifies to best of its knowledge and belief, that it and its principals:
 - a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
 - b) Have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery falsification or destruction of records, making false statements, or receiving stolen property;
 - c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with the commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and
 - d) Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State, or local) terminated for cause or default.
- (2) Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation of this proposal.

Certification of Efforts to Obtain Other Financing

The County of Fairfax hereby assures and certifies with respect to its application for a loan guarantee pursuant to Section 108 of the Housing and Community Development Act of 1974, as amended, that it has made efforts to obtain financing for the activities described herein without the use of such guarantee, it will maintain documentation of such efforts for the term of the loan guarantee, and it can not complete such financing consistent with the timely execution of the project without such guarantee.

Certification Regarding Drug-Free Workplace Requirements

The certification set out below is a material representation upon which reliance is placed by the U.S. Department of Housing and Urban Development in awarding the loan guarantee assistance. If it is later determined that the public entity knowingly rendered a false certification, or otherwise violates the requirements of the Drug-Free Workplace Act, the U.S. Department of Housing and Urban Development, in addition to any other remedies available to the Federal Government, may take action under the Drug-Free Workplace Act.

CERTIFICATION

The public entity certifies that it will provide a drug-free workplace by:

- a) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the public entity's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
- b) Establishing a drug-free awareness program to inform employees about:
 - 1) The dangers of drug abuse in the workplace;
 - 2) The public entity's policy of maintaining a drug-free workplace;
 - 3) Any available drug counseling, rehabilitation, and employee assistance programs; and
 - 4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
- c) Marking it a requirement that each employee to be engaged in the performance of the activities undertaken with the loan guarantee assistance be given a copy of the statement required by paragraph (a);
- d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the loan guarantee, the employee will:
 - 1) Abide by the terms of the statement; and
 - 2) Notify the employer of any criminal drug statute conviction for a violation occurring in the workplace no later than five days after such conviction;
- e) Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph (d) (2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grants;
- f) Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph (d)(2), with respect to any employee who is convicted;
 - 1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or



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- 2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;
- g) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e), and (f).