



Agenda Item Summary

File #: RES 16-292, **Version:** 1

Submitted By

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Reviewed By

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Agenda Item Title

A Resolution Authorizing the Submission of a Section 108 Loan Guarantee Program Application with the U.S. Department of Housing and Urban Development

Overview

The draft Section 108 Loan Guarantee Program application for a business loan fund in the amount of \$3 million was previously approved by the Board and released for a 30 day public comment period, which has ended with no comments being received. The Board is now being asked to approve the final Section 108 Loan Guarantee Program application.

Staff Recommendation

Approve the resolution, directing Village staff to submit the application to HUD

Fiscal Impact

The Section 108 application to HUD is expected to have positive economic benefits to the Village by assisting businesses and creating and/or retaining jobs for low- and moderate income persons. If Village fails to make a required payment on its note, HUD could deduct that payment from the Village's CDBG Line of Credit. In accepting this loan guarantee, the Village would pledge all HUD entitlement grants made to the Village, or those for which the Village may become eligible, as security for the loan guarantee.

Background

The Village has made economic development a high priority and, for over one year, has planned to pursue a Section 108 Loan Guarantee Program in 2016. The Section 108 Program is administered by the U.S. Department of Housing and Urban Development (HUD) and is based on the Community Development Block Grant (CDBG) Program.

The Village now seeks to establish a Section 108 loan fund in the amount of \$3 million. These funds, if approved by HUD, will be used by the Village to support businesses expansion and improvement, create and/or retain jobs, assist low/moderate-income households, and deliver positive economic benefits for the Village and its residents. The draft Section 108 program application was approved by the Board and released for a 30 day public comment period, which has ended with no comments being received.

The Village amended both the Consolidated Plan and the Program Year 2015 Action Plan to make the Section

108 application a priority and to include specific 108 application details.

Alternatives

NA.

Previous Board Action

The draft Section 108 application was approved by the Board on August 1, 2016 and released for a 30 day public comment period, which has ended with no comments being received.

Citizen Advisory Commission Action

NA.

Anticipated Future Actions/Commitments

After the Board approves the final Section 108 application, the Village will hold one last public hearing on the final application (September 9, 2016). Approximately three weeks later, the Village will submit the application to HUD for approval. If the application is approved by HUD, as each proposed individual Section 108 loan project becomes ready for commitment, after a full review and preliminary approval by the loan review committee and the underwriting consultant, the proposed 108 project will be presented to the Village Board for approval. After Board approval and a subsequent 30 day public comment period, the Village will submit each 108 loan proposal to HUD with a full description of the project, an explanation of the eligible activity, the national objective to be achieved, and an analysis of the project's compliance with the Village's underwriting guidelines.

Intergovernmental Cooperation Opportunities

As a member of the Cook County HOME program consortium, and with Cook County serving as the lead agency for the Consolidated Plan and each Action Plan, the Village is submitting the Section 108 application in cooperation with Cook County.

Performance Management (MAP) Alignment

A Governance Priority established for the Neighborhood Services Division of the Development Customer Services Department is "CDBG Administration."