

**EXHIBIT "A"**

**SUBSTANTIAL AMENDMENT TO 2019 ANNUAL ACTION PLAN  
SECTION 108 LOAN GUARANTEE DRAFT APPLICATION  
MULTIGENERATIONAL CENTER**



## Public Review Document

February 21, 2020

Substantial Amendment 2019-1 to the  
2019 Annual Action Plan

Section 108 Loan Guarantee Application  
for the Construction of a Multigenerational  
Center

**Planning and Development Department**  
2600 Fresno Street, Room 3065  
Fresno, CA 93721  
(559) 621-8003  
[www.fresno.gov](http://www.fresno.gov)

City of Fresno  
FY 2019 – 2020  
Annual Action Plan  
**SUBSTANTIAL AMENDMENT**  
No. 2019 – 01

PUBLIC REVIEW  
DOCUMENT EXPIRES  
March 23, 2020



Planning and Development Department  
Housing and Community Development Division 2600  
Fresno Street Room 3076  
Fresno CA 93721  
(559) 621-8300

February 21, 2020

## Summary

The City of Fresno (City) is a federal entitlement community that receives an annual allocation of Community Development Block Grant (CDBG) funds from the U.S. Department of Housing and Urban Development (HUD). As an entitlement community, the City is required to prepare an Annual Action Plan detailing the uses of CDBG funds to meet its affordable housing and community development goals as outlined in its Consolidated Plan. For Program Year 2019-2020, the city is proposing a substantial amendment to the Action Plan to include a \$7.5 million Section 108 Loan to fund the construction of a multigenerational center. This effort is in alignment with the City's goals as stated in the 2015-2019 Consolidated Plan to provide public facilities improvements to strengthen neighborhood revitalization.

The City will accept comments on the proposed substantial amendment for a period of 30 days from February 21, 2020, through March 23, 2020.

Public Hearings:                   Housing and Community Development Commission  
February 26, 2020 at 5:00 PM  
Fresno City Hall, 2600 Fresno Street, Room 2120

City Council  
April 9, 2020 at 10:05 AM  
Fresno City Hall, 2600 Fresno Street, City Council

Council Consideration  
and Adoption:                   April 9, 2020, following the close of the Public Hearing  
commencing at 10:05 AM  
Fresno City Hall, 2600 Fresno Street, 2<sup>nd</sup> Floor,  
Council Chambers

Public Comments:               City of Fresno  
Planning and Development Department  
Attn: Housing and Community Development Division  
2600 Fresno Street Room 3076  
Fresno CA 93721

Phone:           (559) 621-8300  
Fax:             (559) 559-457-1054  
TTY:            (559) 621-8721  
Email:           [HCDD@fresno.gov](mailto:HCDD@fresno.gov)  
(Please type "2019 Amendment" in the  
message subject line)

## Description

<b>TOTAL SOURCES TO BE PROGRAMED</b>	<b>\$7,500,000.00</b>
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The City of Fresno will allocate \$7,500,000 of CDBG Section 108 Loan funding for Program Year 2019 for the design and construction of a multi-generational community center with a proposed location of Large Park, 4424 N. Millbrook Avenue, Fresno 93726. The multigenerational center will be designed based on community input and may include a multi-use concept meeting and recreation area with modular walls for small group activities, a kitchen for warming meals, an area to accommodate after-school activities and senior activities, a play area with playground and tot lot, two soccer fields, office space for staff and meetings, and an expansion of existing on-site parking. The remainder of the estimated \$10,750,000 will be funded using \$700,000 in CDBG entitlement funds previously allocated in program year 2018 and 2019, and \$2,550,000 in CDBG entitlement funds to be reprogrammed with a subsequent amendment.

USE OF PROGRAMMED CDBG FUNDS				
FFY	Project #	IDIS Activity ID	Activity Name	Proposed Substantial Amendment 2019-01 Award
2019	To Be Assigned	To Be Assigned	Multigenerational Center	\$ 7,500,000.00
<b>TOTAL USES TO BE REPROGRAMMED</b>				<b>\$ 7,500,000.00</b>

Additional details are provided in the below table (AP-38 format)

1	Project Name	Multigenerational Center
	Target Area	N. Millbrook Avenue at Ashcroft Avenue
	Goals Supported	Public Facilities and Public Improvements
	Needs Addressed	Public Facilities and Public Improvements
	Funding	CDBG: \$ 7,500,000.00
	Description	Funds will be used to design and construct a multigenerational community center.
	Target Date	October 17, 2022
	Goal	Multigenerational Community Center
	Location Description	Large Park, 4424 N. Millbrook Avenue, Fresno 93726
	Planned Activity	03E - Neighborhood Facilities 24 CFR 570.201(c) Acquisition, construction, or rehabilitation of facilities that are principally designed to serve a neighborhood and that will be used for social services or for multiple purposes (including recreation). Such facilities may include libraries and community centers.

City of Fresno

# SECTION 108 LOAN GUARANTEE APPLICATION MULTIGENERATIONAL CENTER

PUBLIC REVIEW  
DOCUMENT EXPIRES  
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Planning and Development Department  
Housing and Community Development Division 2600  
Fresno Street Room 3076  
Fresno CA 93721  
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February 21, 2020

## Overview

As a recipient of Community Development Block Grant (CDBG) funding, the City of Fresno is eligible to participate in the Section 108 Loan Guarantee program administered by the U.S. Department of Housing and Urban Development (HUD). Under this program, the City is able to leverage up to five times its annual CDBG allocation for large community development investments.

In its 2014-2019 Consolidated Plan, the City identified the provision of public facility improvements to strengthen neighborhood revitalization, and assistance to low-income and special needs households as two of its goals. These goals were driven by a strong demand for services and facilities to meet the needs of youth, seniors, and neighborhoods, with many expressing a desire to see multiple services integrated into one common space. In an effort to meet these goals, the City of Fresno is proposing to apply for a Section 108 Loan Guarantee to fund the construction of a new multi-generational community center and improved park facilities that will increase the quality of life for the low and moderate income population in the surrounding neighborhoods. Specifically, a multi-generational community center would improve the quality of life for constituents by providing after school activities for youth, senior enrichment activities, recreational space, meeting space, and improved green space with sports fields and a tot lot.

## Eligible Activities

If approved, the City would use the Section 108 Loan proceeds to construct a public facility on City-owned land that would serve as a multi-generational community center. Under the CDBG regulations, this activity is considered eligible at 24 CFR 570.703 (I) as follows:

(I) Acquisition, construction, reconstruction, rehabilitation or historic preservation, or installation of public facilities (except for buildings for the general conduct of government) to the extent eligible under §570.201(c). .....

The City expects to use all funding available through this application for the specific purpose of developing a multi-generational community center to be used to provide neighborhood youth, senior and recreational services. These funds will not be made available to for-profit and non-profit entities.

## National Objective to Be Met

The new multi-generational community center would benefit 16,520 residents in neighborhoods within a half mile radius of the proposed site. According to the latest Low Moderate Income Data based on the 2011-2015 5-Year ACS, 9,805 residents within the radius are low or moderate income residents. With 59% of residents being low and moderate income, the proposed site meets the qualification as a Low Mod Area (24 CFR 570.208(a)(1)).

## Proposed Location

The approximately 6-acre subject site is Large Park further identified by APN 428-071-02 and commonly known as 4424 N. Millbrook Avenue, Fresno 93726. Large Park is currently owned by the City, and is bounded on the north by the Thomas Elementary School site (south of E. Gettysburg Avenue and east of N.

## Section 108 Loan Guarantee Draft Application

Millbrook Avenue), on the east by N. 8<sup>th</sup> Street, on the south by E. Ashcroft Avenue, and on the west by N. Millbrook Avenue. The subject site is surrounded by low density residential to the east, south, and west and a public school to the north.



## Financing

The cost of the new facility will be based on a number of factors, including the conceptual plan. The City will conduct a citizen outreach campaign as part of this proposal to identify the features and amenities that residents will want in the new facility. Potential features of the new facility could include but are not limited to:

- Multi-use concept meeting and recreation area with modular walls for small group activities
- Kitchen for warming meals
- Area to accommodate after-school activities and senior activities
- Office space for on-site staff and meetings
- Play area with playground and tot lot
- Expansion of existing on-site parking
- Two sports fields

Based on these factors, the City estimate to construct the facility is \$10.75 million. This estimate includes the estimated financing fees associated with the Section 108 Loan Guarantee.

## Section 108 Loan Guarantee Draft Application

Section 108 loan proceeds would form a key component of the financing for this proposal. The total amount available via the Section 108 Loan Guarantee program will be equal to five times the City's current annual CDBG entitlement less any unpaid principal on prior loans. The City's current annual grant is \$6,942,458. Based on this allocation, the City can borrow up to \$34,347,290, which equals five times the current grant (\$34,712,290), less the outstanding loan balance on a current loan of \$365,000.

In order to access Section 108 financing, the City proposes to pledge a portion of its future CDBG grants (Program Years 2020 – 2039) as collateral for repayment. The City proposes to use the maximum repayment period allowable, twenty years, in order to minimize the potential reduction of any given year. In the event the United States Congress terminates the CDBG program prior to loan payoff, the City pledges the subject land and improvements as collateral.

The City will request Section 108 loan proceeds in the amount of \$7,500,000. The remainder of funding would come from CDBG entitlement previously approved and a proposed General Fund repayment to the City's CDBG letter of credit partially reprogrammed to this project.

SOURCE OF FUNDING	AMOUNT	FUNDING TYPE	STATUS
CDBG 108 Loan Guarantee	\$7,500,000	Repayable Loan	Subject Request
CDBG Entitlement (2018)	\$200,000	Grant	Approved PY 2018 Action Plan
CDBG Entitlement (2019)	\$500,000	Grant	Approved PY 2019 Action Plan
Reprogrammed CDBG Funds	\$2,550,000	Grant	Pending Substantial Amendment
<b>TOTAL</b>	<b>\$10,750,000</b>	<b>70% Debt / 30% Grant/Equity</b>	

The City is estimating the following financing terms for the Section 108 funds:

- 2.58% Financing fee, equal to \$193,500 ( $7,500,00 \times .0258$ )
- 20 Year term with variable rate interest based on 20 Year Treasury note, currently at 1.93% (as of February 12, 2020)
- The facility would serve as collateral for the loan. The Section 108 loan would be in first position with no other loans secured by the facility.

The city plans on incurring eligible costs prior to the Section 108 Loan Guarantee commitment. The City is requesting permission to reimburse itself for pre-award costs per 24 CFR §570.200(h).

A proposed debt service schedule is attached to this proposal.

## Additional Information

The City will follow its adopted Citizen Participation Plan to receive citizen input on this proposal. The City will undertake the following activities that will allow citizens to participate and comment on the proposal.

### Public Hearing

The City will hold a public hearing regarding this proposal in front of the Housing and Community Development Commission on February 26, 2020. A second public hearing will be held at City Hall on April 9, 2020 in City Council Chambers. The City will accommodate translation and interpretation for Spanish, Hmong, and other languages and for persons with disabilities if a request is made at least 72 hours in advance. If the City cannot accommodate translation and interpretation, the City will make alternative opportunities available for non-English speaking persons and persons with disabilities to participate.

### Public Comment Period

The City will accept written public comments regarding this proposal from February 21 to March 23, 2020. All comments received will be considered when preparing the final application to HUD and will be included as an attachment.

Comments may be emailed to [HCDD@fresno.gov](mailto:HCDD@fresno.gov) or submitted in writing to:

**By U.S. Mail:**

City of Fresno Housing and Community Development Division  
2600 Fresno Street, CH3N3065  
Fresno, CA 93721

**In person or via courier:**

City of Fresno Housing and Community Development Division  
2600 Fresno Street, Third Floor, Room 3076  
Fresno, CA 93721

For additional information regarding this proposal, please contact the City of Fresno Housing and Community Development Division at 559-621-8300.

Upon completion of the public participation process, the City will consider the input received, amend the application accordingly, and publish the final application before submittal to HUD for review.

## Attachment 1: Proposed Debt Service Schedule

Principal Amount: \$7,500,000

Interest Rate: varies

Term (Years): 20

Payments (Semi-annual): 40

Estimated Annual Rate	Payment #	Payment Date	Est. Semi Rate	Semi-Annual Debt Service	Semi-Annual Interest Payment	Principal Payment	Principal Balance	Annual Debt Service payments
0.0241							\$7,500,000	
	1	Feb-21	1.27%	\$95,063	\$95,063			
2.535%	2	Aug-21	1.27%	\$470,063	\$95,063	\$375,000	\$7,125,000	\$565,125
	3	Feb-22	1.28%	\$91,200	\$91,200			
2.560%	4	Aug-22	1.28%	\$466,200	\$91,200	\$375,000	\$6,750,000	\$557,400
	5	Feb-23	1.29%	\$87,244	\$87,244			
2.585%	6	Aug-23	1.29%	\$462,244	\$87,244	\$375,000	\$6,375,000	\$549,488
	7	Feb-24	1.31%	\$83,194	\$83,194			
2.610%	8	Aug-24	1.31%	\$458,194	\$83,194	\$375,000	\$6,000,000	\$541,388
	9	Feb-25	1.32%	\$79,050	\$79,050			
2.635%	10	Aug-25	1.32%	\$454,050	\$79,050	\$375,000	\$5,625,000	\$533,100
	11	Feb-26	1.33%	\$74,813	\$74,813			
2.660%	12	Aug-26	1.33%	\$449,813	\$74,813	\$375,000	\$5,250,000	\$524,625
	13	Feb-27	1.34%	\$70,481	\$70,481			
2.685%	14	Aug-27	1.34%	\$445,481	\$70,481	\$375,000	\$4,875,000	\$515,963
	15	Feb-28	1.36%	\$66,056	\$66,056			
2.710%	16	Aug-28	1.36%	\$441,056	\$66,056	\$375,000	\$4,500,000	\$507,113
	17	Feb-29	1.37%	\$61,538	\$61,538			
2.735%	18	Aug-29	1.37%	\$436,538	\$61,538	\$375,000	\$4,125,000	\$498,075
	19	Feb-30	1.38%	\$56,925	\$56,925			
2.760%	20	Aug-30	1.38%	\$431,925	\$56,925	\$375,000	\$3,750,000	\$488,850
	21	Feb-31	1.39%	\$52,219	\$52,219			
2.785%	22	Aug-31	1.39%	\$427,219	\$52,219	\$375,000	\$3,375,000	\$479,438
	23	Feb-32	1.41%	\$47,419	\$47,419			
2.810%	24	Aug-32	1.41%	\$422,419	\$47,419	\$375,000	\$3,000,000	\$469,838
	25	Feb-33	1.42%	\$42,525	\$42,525			
2.835%	26	Aug-33	1.42%	\$417,525	\$42,525	\$375,000	\$2,625,000	\$460,050
	27	Feb-34	1.43%	\$37,538	\$37,538			
2.860%	28	Aug-34	1.43%	\$412,538	\$37,538	\$375,000	\$2,250,000	\$450,075
	29	Feb-35	1.44%	\$32,456	\$32,456			
2.885%	30	Aug-35	1.44%	\$407,456	\$32,456	\$375,000	\$1,875,000	\$439,913

## Section 108 Loan Guarantee Draft Application

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Estimated Annual Rate	Payment #	Payment Date	Est. Semi Rate	Semi-Annual Debt Service	Semi-Annual Interest Payment	Principal Payment	Principal Balance	Annual Debt Service payments
	31	Feb-36	1.46%	\$27,281	\$27,281			
2.910%	32	Aug-36	1.46%	\$402,281	\$27,281	\$375,000	\$1,500,000	\$429,563
	33	Feb-37	1.47%	\$22,013	\$22,013			
2.935%	34	Aug-37	1.47%	\$397,013	\$22,013	\$375,000	\$1,125,000	\$419,025
	35	Feb-38	1.48%	\$16,650	\$16,650			
2.960%	36	Aug-38	1.48%	\$391,650	\$16,650	\$375,000	\$750,000	\$408,300
	37	Feb-39	1.49%	\$11,194	\$11,194			
2.985%	38	Aug-39	1.49%	\$386,194	\$11,194	\$375,000	\$375,000	\$397,388
	39	Feb-40	1.51%	\$5,644	\$5,644			
3.010%	40	Aug-40	1.51%	\$380,644	\$5,644	\$375,000	\$0	\$386,288
				<b>\$8,429,025</b>	<b>\$2,054,025</b>	<b>\$7,500,000</b>		<b>\$8,429,025</b>

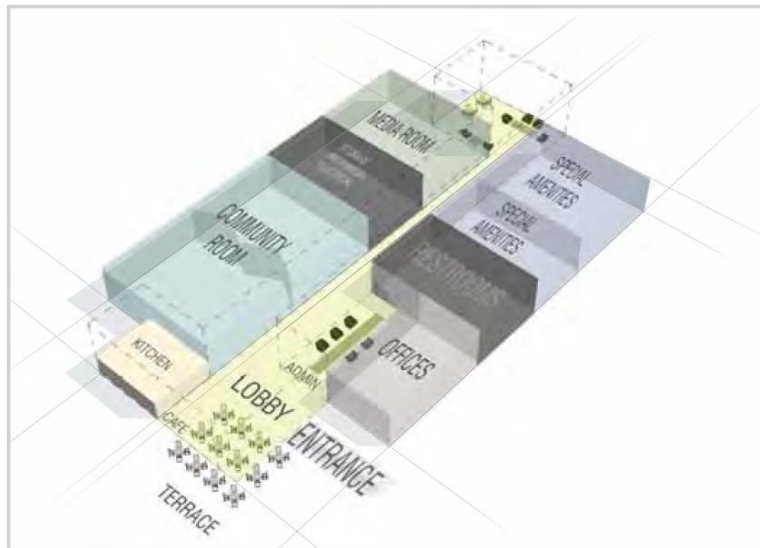
## Attachment 2: Additional Underwriting Information

### Description of Facility

The City would like to create a multigenerational community center that provides recreation and enrichment activities for neighborhood residents. The main features of the facility would be a multi-use concept meeting and recreation area with modular walls for small group activities, a kitchen for warming meals, an area to accommodate after-school activities and senior activities, a play area with playground and tot lot, two sports fields, office space for staff and meetings, and an expansion of existing on-site parking. The city will endeavor to implement the design guideline recommendations outlined in the Parks Master Plan adopted by the City on January 25, 2018, available on the City's website. The Parks Master Plan Design Guidelines include recommendations for sustainability, public safety, durability, user experience, accessibility, and identity/branding. The mockup below is an example floor plan for a community center from the Parks Master Plan design guidelines. The actual floor plan will be determined through consultation with the community.

The primary uses of the space are expected to be:

- Community enriching activities including after school programs and senior programs, to potentially include meal service
- Sports programming including field reservations and soccer programs
- Recreation and fitness activities utilizing green space and playground equipment
- Community events and meetings

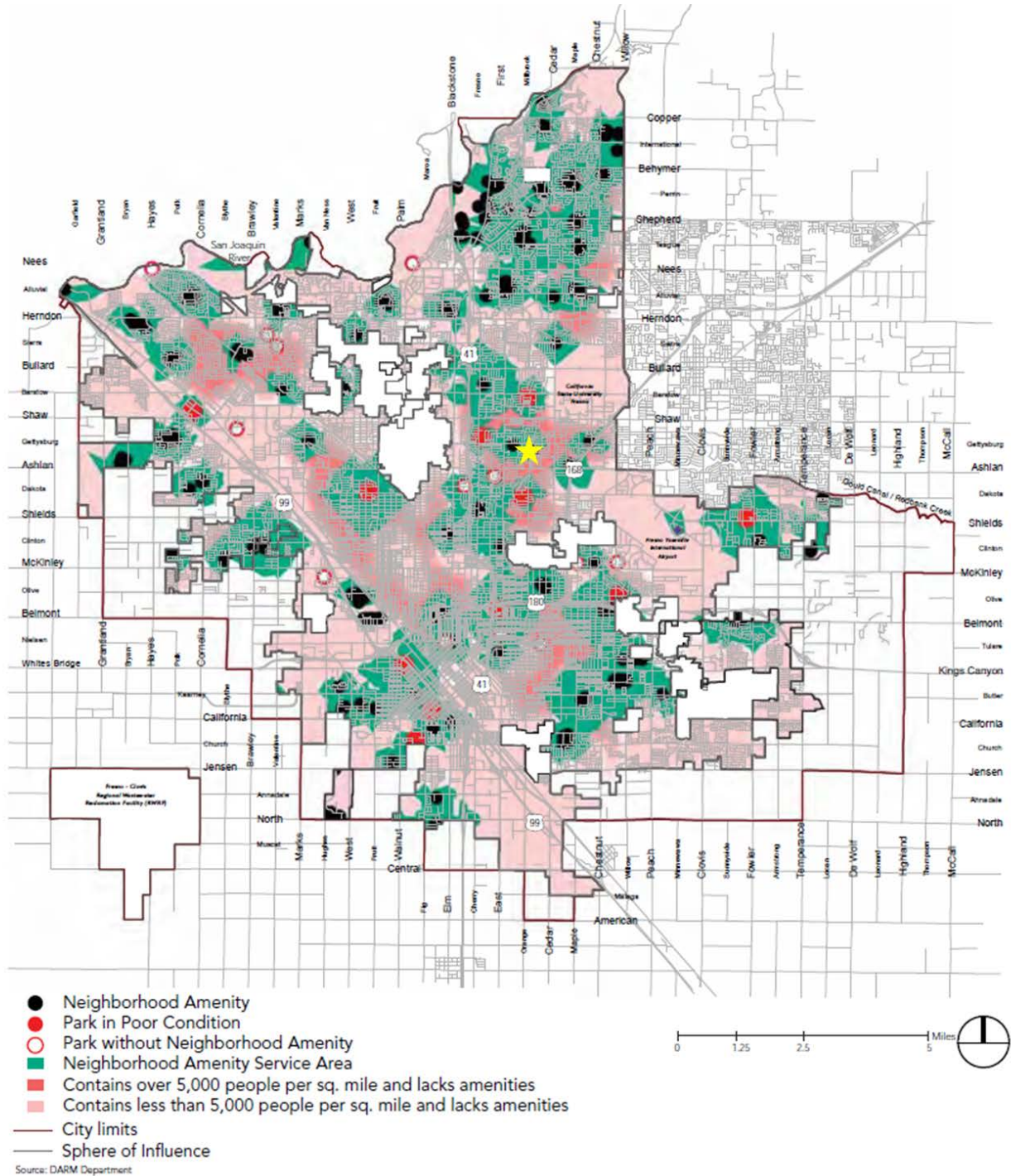


### Market Need for Facility

The Parks Master Plan includes a Needs Assessment which concluded that needs exist in the 'Existing Neighborhoods South of Shaw' park planning area both currently and in a projection of conditions in 2035.

## Section 108 Loan Guarantee Draft Application

Community feedback specifically identified Large Park, the proposed site of the multigenerational center, as a priority park for improvement. The neighborhoods surrounding the proposed site were further identified as lacking access to park amenities such as playgrounds, shaded picnic areas, and sports fields.



The Parks Master Plan needs analysis supports that the proposed development would fill an existing market need, would serve to strengthen civic pride, and provide a measured increase in the quality of life for residents.

### **Site Control**

The City currently owns the proposed site. The site is Large Park, identified as APN 428-071-02 and commonly known as 4424 N. Millbrook Avenue, Fresno 93726. The site is approximately 6 acres and is large enough to accommodate the new development.

### **Summary of Work Completed to Date**

The City of Fresno has completed a number of preliminary tasks and is ready to proceed to the next stage of feasibility once it has firm commitments from its funding sources, including the Section 108 loan.

- The City allocated \$200,000 in CDBG funding in PY 2018 for the Planning and Design of a Neighborhood Community Center; and an additional \$500,000 for a multigenerational center in PY 2019.
- The city distributed an SOQ request for the master plan and design of a new Multi-Generational community center on March 5, 2019.
- The City engaged Krazan & Associates, Inc. on January 17, 2020 to conduct an Environmental Assessment of the proposed site.
- The City is initiating citizen participation initiatives including two public hearings as well as a community workshop and public comment period on the draft plans.

**Projected Timeline**

<b>Preliminary Conceptual Design</b>	February 2020 – June 2020
<b>NEPA, Section 106, and SHPO Reviews</b>	February 2020 – April 2020
<b>Final Design and 100% Plans</b>	July 2020 – March 2021
<b>Advertise and Award Construction Contract</b>	April 2021 – June 2021
<b>Construction</b>	August 2021 – September 2022

## Section 108 Loan Guarantee Draft Application

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### Construction Budget

Below is a summary of the proposed sources and uses for the development. A description is provided for each source and use.

SOURCES	AMOUNT	USES	AMOUNT
CDBG 108 Loan Guarantee	\$7,500,000	Construction costs	\$8,500,000 – \$9,000,000
CDBG Entitlement - 2018	\$200,000	Section 108 financing costs	\$193,500
CDBG Entitlement - 2019	\$500,000	Other soft costs	\$1,750,000 - \$2,000,000
Reprogrammed CDBG Funds	\$2,550,000		
<b>TOTAL</b>	<b>\$10,750,000</b>	<b>TOTAL</b>	<b>\$10,750,000</b>

### Sources

- **CDBG 108 Loan Guarantee (\$7,500,000)**  
The City envisions the Section 108 loan proceeds will be used as the primary funding source for the construction of the facility. Without the Section 108 loan, the development would become financially infeasible. The total amount available via the Section 108 Loan Guarantee program will be equal to five times the City's current allocation less any unpaid principal on prior loans. The City's current grant is \$6,942,458. Based on this allocation, the City can borrow up to \$34,347,290, which equals five times the current grant (\$34,712,290), less an outstanding loan balance on a current loan of \$365,000.
- **CDBG Entitlement – 2018 and CDBG Entitlement - 2019 (\$700,000)**  
The City has previously allocated \$200,000 and \$500,000 of CDBG entitlement funds in 2018 and 2019 respectively for the design and construction of a multigenerational community center.
- **Reprogrammed CDBG Funds (\$2,550,000)**  
Pending an additional substantial amendment, the City will reprogram \$2.55 million from a proposed General Fund repayment to the City's CDBG letter of credit.

### *Uses*

- **Construction – Hard Costs (\$8.5 to \$9 million)**

The City has developed estimates for the conceptual floor designs. Construction costs are expected to range from \$8.5 to \$9 million.

- **Financing Costs**

The City will be paying the 2.58% financing fee from guaranteed loan proceeds (or CDBG funds), up to \$193,500, associated with the use of the Section 108 loan.

- **Other Soft Costs (\$1.75 to \$2 million)**

The city will incur other soft costs of \$1.75 to \$2 million, inclusive of: architectural and engineering design consulting services; project management; plan check/permitting; construction management; and inspection and testing services.

### **Debt Service**

The City anticipates the debt service will be met by future CDBG entitlement funds.

### **Collateral**

The City proposes to pledge a portion of its future CDBG grants (Program Years 2020 – 2039) as collateral for repayment. The City proposes to use the maximum repayment period allowable, twenty years, in order to minimize the impact of the repayment obligation on any given year. In the event that the Federal government terminates the CDBG program or reduces the City's entitlement amount to a level below the annual debt service prior to loan payoff, the City will pledge the subject land and improvements as collateral.

### **City's Capacity to Administer the Project**

The City has developed large projects similar in nature, the most recent being Inspiration Park.

The City's Planning and Development Department would serve as the project lead for the development. The Planning and Development Department are responsible for administering the City's annual allocations of HUD grants including CDBG, HOME, HOPWA, and ESG. The City considered the potential for federal funding of this project from the very beginning. As such, the Director of Planning and Development has ensured that City staff have conducted preliminary reviews of the proposed project to ensure compliance with all applicable federal regulations, including environmental review and procurement.

### **Next Steps**

The City will complete the Environmental Assessment and procure a design team to prepare detailed plans for the facility and a corresponding cost estimate. At each stage, the City will notify HUD as it moves forward with more detailed information on the construction budget.