



Legislation Details (With Text)

File #: 17-1663 **Version:** 1 **Name:** Section 108 Loan Authorization
Type: Resolution **Status:** Adopted
File created: 9/18/2017 **In control:** Economic and Housing Development
On agenda: 11/1/2017 **Final action:** 11/1/2017
Title: Dept/ Agency: Economic and Housing Development
Action: Ratifying Authorizing Amending
Type of Service: Apply and Accept Resolution
Purpose: Application/Acceptance of Loan Funds from the United States Department of Housing and Urban Development's Section 108 Loan Guarantee Provision of the Community Development Block Grant Program
Entity Name: City of Newark
Entity Address: 920 Broad Street, Newark, New Jersey 07102
Grant Amount: \$12,000,000.00
Funding Source: United States Department of Housing and Urban Development
Total Project Cost: \$0.00
City Contribution: \$0.00
Other Funding Source/Amount: \$0.00
Contract Period: 2013-2017
Contract Basis: Bid State Vendor Prof. Ser. EUS
 Fair & Open No Reportable Contributions RFP RFQ
 Private Sale Grant Sub-recipient n/a
Additional Information:
Resolution 7R1-j adopted on September 18, 2013

Sponsors: Council of the Whole

Indexes:

Code sections:

Date	Ver.	Action By	Action	Result
11/1/2017	1	Municipal Council	Adopt	Pass

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WHEREAS, Section 108 of the Housing and Community Development Act of 1974 (42 U.S.C. 5308) (“Section 108”), authorizes the United States Department of Housing and Urban Development (“HUD”) to guarantee loans as part of its Community Development Block Grant (“CDBG”) program; and

WHEREAS, the United States Department of Housing and Urban Development (“HUD”) has designated the City of Newark, State of New Jersey (“City”), as an Urban Entitlement Area under the Community Development Block Grant Program; and

WHEREAS, the City has been receiving CDBG program funds since the program’s inception in 1974; and

WHEREAS, HUD administers the Section 108 Loan Guarantee Program which provides communities who receive CDBG funds with an additional source of financing for economic development, housing rehabilitation, public facilities, and other physical development projects as outlined by 24 CFR 570.202 and 24 CF 570.702; and

WHEREAS, in order to receive loan guarantees under Section 108, an applicant pledges its current and future CDBG funds as the principal security for the loan guarantee, and may be required to pledge additional security for each loan, as determined by HUD on a case by case basis; and

WHEREAS, on October 26, 2012, on behalf of the City of Newark (“City”), the Business Administrator submitted an application to HUD (the “Section 108 Application”, annexed herein as Exhibit “A”) requesting loan funding in the amount of \$12,000,000.00 from the Section 108 Program; and

WHEREAS, as a result of the Section 108 Application, on July 29, 2013, HUD awarded to the City a loan guarantee commitment (the “Section 108 Loan Guarantee Commitment”) in the amount of \$12,000,000.00 from the Section 108 program, which funds were to have been disbursed by notes or other obligations submitted to HUD prior to July 31, 2014; and

WHEREAS, in its 2013-2014 Annual Action Plan submitted to the United States Department of Housing and Urban Development (“HUD”), approved by Resolution 7R1-j of the Municipal Council on September 18, 2013, the City identified several projects to be implemented with the use of Section 108 loans; and

WHEREAS, due to timing issues that delayed the implementation of projects to be financed by the Section 108 loans, the City requested three extensions of the deadline the first in July 2014, the second in March 2015, and the third in May 2016- to submit notes or other obligations; and

WHEREAS, by letter dated June 20, 2016, HUD approved the City’s request for an extension of the deadline to December 31, 2017; and

WHEREAS, the City, through the Department of Economic and Housing Development, and Newark Community Economic Development Corporation (formerly Brick City Development Corporation) is preparing to implement projects to be financed in part by Section 108 loan funds, and

the City wishes to authorize the application for and acceptance of the Section 108 Loan Guarantee Commitment; and

WHEREAS, the City shall execute a promissory note and provide pledges of collateral for each project financed by Section 108 Loan funds upon further approval of the Municipal Council.

NOW, THEREFORE, BE IT RESOLVED BY THE MUNICIPAL COUNCIL OF THE CITY OF NEWARK, NEW JERSEY, THAT:

1. The Mayor and/or his designee, the Acting Deputy Mayor/Acting Director of the Department of Economic and Housing Development, are hereby authorized to submit an application to HUD requesting loan funding in the amount of \$12,000,000.00, from the Section 108 Loan Fund with no City funds required (a copy of the application is attached hereto and made a part hereof).
2. The Municipal Council hereby ratifies its authorization of this application from the date of application submission to the date of adoption of this authorizing resolution.
3. The Section 108 Loan Guarantee Commitment in the amount of \$12,000,000.00, from HUD, to be used for the purpose of economic development activities as specified by 24 CFR 570.202 and 24 CFR 570.702 is hereby accepted (a copy of the award letter is attached hereto and made part hereof).
4. The Mayor and/or his designee, the Acting Deputy Mayor/Acting Director of the Department of Economic and Housing Development, are hereby authorized to enter into and execute any documents with HUD to pledge the City's current and future CDBG funds as security for the loan award.
5. No municipal funds are required at this time for receipt or acceptance of this award.
6. The Acting Deputy Mayor/Acting Director of the Department of Economic and Housing Development shall file a fully-executed copy of the loan application, extension requests, and the loan guarantee commitment in the Office of City Clerk.

STATEMENT

This resolution ratifies and authorizes the actions taken by the Business Administrator to submit an application for loan guarantees from the United States Department of Housing and Urban Development and furthermore, ratifies and authorizes the Mayor and/or his designee, the Acting Deputy Mayor/Acting Director of the Department of Economic and Housing Development, to pledge current and future CDBG funds as security for the loan awards.