

## **Substantial Amendment to the FY 2015 Annual Action Plan**

### **SECTION 108 PROGRAM**

The City of Tucson's request for loan guarantee assistance under Section 108 of the Housing and Community Development Act of 1974, as amended, was approved by the Department of Housing and Urban Development (HUD) on March 7, 2012, and an extension granted for a submittal through March 31, 2015. Twenty million dollars (\$20M) in guaranteed loan funds will be used to create a loan pool available for individual projects in a target range of between \$2 million and \$10 million that will have positive economic and community development benefits, including job creation.

**The City of Tucson FY 2015 Annual Action Plan is amended to include the following project:**

### **SECTION 108 PROGRAM**

#### **5<sup>th</sup> and Congress Project**

Following Mayor and Council's request for loan guarantee assistance under HUD's Section 108 Loan Program to promote and foster both economic and community development efforts, which was approved by HUD on March 7, 2012, a \$20,000,000 loan pool was established to capitalize the Tucson Community Development Loan Fund. This fund will be utilized to fund individual projects in a target range of \$2,000,000 to \$10,000,000 that will have positive economic and community development benefits, including permanent job creation. The proposed 5<sup>th</sup> and Congress Project that includes construction of a new hotel, parking facility, retail stores, and restaurant with considerable new job creation meets or exceeds HUD's requisite criteria. HUD recently awarded an extension for the Section 108 Loan Program through March 31, 2015.

The requirements for a Substantial Amendment of the FY 2015 Annual Action Plan have been met with the attached resolution indicating Mayor and Council approval of the action. The entire package will be submitted to HUD's Phoenix Field Office for final approval.

Section 108 funds applied for will be a twenty year commitment in that the City will effectively be repaying to HUD the \$8,000,000 loan, with the source of that repayment being debt service payments from the 5<sup>th</sup> and Congress Project itself. The loan repayment schedule is included in the 5<sup>th</sup> and Congress Project application attached.

The City of Tucson, Arizona, is applying to the Department of Housing and Urban Development for a Section 108 loan in amount of \$8,000,000 for the 5<sup>th</sup> and Congress Project.