



**Louisville/Jefferson County Metro Government
2015 – 2019 Consolidated Plan Proposed Amendment
July 26th, 2016**

Louisville Metro Government (LMG) is making available for citizen review and public comment a proposed amendment to the 2015-2019 Consolidated Plan that will include the reprogramming of a 1995 \$7 million Section 108 loan guarantee to support the development of the West Louisville Foodport.

This proposed amendment may be viewed at the following locations:

- www.louisvilleky.gov
- Main Library 301 York Street, 40202
- Western Library 604 S. 10th Street, 40203
- Shawnee Library 3912 W Broadway, 40211
- Portland Library 3305 Northwestern Parkway, 40212
- Northwest Neighborhood Place 4018 W Market Street, 40211
- Shawnee Arts and Cultural Center, 607 S 37th Street, 40211
- Portland Community Center, 640 N 27th Street, 40212
- Metro Development Center, 444 S. 5th Street, 5th floor, 40202

Comments on the proposed Consolidated Plan amendment will be accepted between July 26th, 2016 and August 26th, 2016. Written comments can be submitted by emailing laura.grabowski@louisvilleky.gov or mailing comments to Housing and Community Development, 444 S 5th Street, Suite 500, Louisville, KY 40202, ATTN: Section 108. The application is expected to be submitted to the U.S. Department of HUD on September 1st, 2016.

2015-2019 Consolidated Plan – Proposed Amendment

Project Description:

LMG is requesting re-programming of a 1995 Section 108 loan guarantee in the amount of \$7 million to Seed Capital, KY to support the development of the West Louisville FoodPort (“FoodPort”) at 3029 W Muhammad Ali Blvd at the intersection of the Russell, Shawnee, and Portland neighborhoods by Seed Capital, Kentucky, Inc., a nonprofit organization dedicated to the advancement of the local and regional food economy. The FoodPort will be located on a 24-acre property located at 3029 W. Muhammad Ali Boulevard, Louisville, Kentucky 40212. The FoodPort will house for-profit businesses that grow, aggregate, distribute, process and sell locally- and regionally-sourced foods, non-profit organizations with a mission to support conservation and agriculture, and a variety of public spaces and amenities. The FoodPort’s first phase will include a total of 123,312 square feet of indoor space, of which 113,982 square feet is leasable. Seven (7) tenants are committed to locating at the FoodPort. The project also includes 18,464 square feet of indoor public and shared infrastructure space, as well as extensive outdoor recreational, educational and green space. This project promises workforce development, opportunities for community wealth creation, beautiful public spaces and community programming for neighborhood residents and the broader community.

Section 108 Loan Guarantee Program:

As an entitlement community through the U.S. Department of Housing and Urban Development, LMG is eligible to participate in the Section 108 Loan Guarantee Program. This program allows access to federally guaranteed loans for large-scale projects that are expected to generate sufficient revenue to repay the loan. Local governments must pledge a portion of their current and future Community Development Block Grant (CDBG) allocations as security for the loan, but the goal is to fund projects that will have sufficient cash flow to repay the loan without any need to use CDBG funds for the repayment.

Original Application:

In the mid-1990s, the City of Louisville was approved for a Section 108 loan guarantee from the U.S. Department of Housing and Urban Development. This loan guarantee totaled \$7 million and was intended to be used for projects designed to stimulate business creation and create jobs for low-to moderate-income persons specifically within West Louisville. The planned projects included a small business incubator (Enterprise Development Center), a job training and placement facility (Workforce Development Center), and industrial park expansion (Station Park Industrial Park). Each of these projects planned to stimulate the economy within West Louisville and create jobs for the low-to moderate-income residents. After receiving notice of the approval for the Section 108 loan guarantee, the City of Louisville decided to pursue an alternative funding source for these projects, one that provided a more attractive ratio of grant to loan funds.

Community Development Objectives:

The Section 108 loan guarantee will assist in the creation of jobs and small business development in West Louisville. In doing so, the funds will further LMG’s goals listed in the 2015-2019 Consolidated Plan:

- Bring vacant and abandoned lots back into productive use
- Introduce new and expanding small businesses into the West Louisville market
- Geographically target Russell, Shawnee, and Portland as priority areas for focused investment

Eligible Activity: [24 CFR 570.703(i)(1) / 24 CFR 570.203]

The West Louisville Foodport is an economic development project that will generate jobs for low- to moderate-income people.

Description of National Objective: [24 CFR 570.208(a)(4)(i)]

The West Louisville Foodport proposes to create over 250 jobs in West Louisville. A minimum of 51% of the FTE jobs will be held by, or be available to, low- and moderate-income persons. The goal of the WLFPP is to make 75% of the jobs available to low- to moderate-income persons.

Phase I of the FoodPort will create approximately 132 new full-time equivalent jobs (66% of 200 total jobs). These jobs will include food processing and kitchen staff, controlled-environmental growing technicians and related positions.

Workforce development has begun through partnerships with the Louisville Urban League, Kentuckiana Works, YouthBuild and other organizations to identify and recruit area residents who are qualified for the construction jobs. Once the construction jobs are filled, SCKY will initiate efforts to identify small business owners and entrepreneurs from the neighborhoods who can operate their businesses at the FoodPort. An Economic Inclusion Outreach Session is scheduled for April 26, 2016 to begin to identify MBE, WBE and DBE businesses to work on the project and entrepreneurial development efforts will be conducted starting in 2017. A work group of the West Louisville FoodPort Community Council is specifically focused on all workforce and small business-related efforts with the specific goal of hiring as many west Louisville residents as possible to fill available jobs and provide needed services.

Pledge of Grants

LMG intends to use the loan payments made by SCKY to service the debt on the Section 108 loan guarantee. LMG understands that if SCK fails to make timely payments, the source of repayment of the Section 108 loan guarantee will be LMG. To assure the repayment of the debt obligation and as a condition of receiving loan guarantee assistance, LMG will do the following, as required under 24 CFR 570.705:

- Enter into a contract with HUD in a form acceptable to HUD, that will include provisions for repayment of the debt obligation [24 CFR 570.705(b)(1)]
- Pledge all grants made or for which LMG may become eligible under this part [24 CFR 570.705(b)(2)]
- Furnish, at the discretion of HUD, other security as may be deemed appropriate by HUD in making such guarantees. Other security shall be required for all loans with repayment periods of ten years or longer. [24 CFR 570.705(b)(3)] LMG is proposing a 10 year repayment period.

Program Income: [24 CFR 570.500(a)(4)(ii)]

Program Income is not expected to be generated by this project. Income from the third-party borrower (Seed Capital, KY) will service the debt on this loan.

Required Section 108 Fees:

The Section 108 loan guarantee was originated in 1995, prior to the fee requirement at 24 CFR 570.705(g). Louisville Metro does not expect that fees will be required on the amendment to this application. Should fees be required, Louisville Metro will fund the approximately \$175,000 in fees out of the Section 108 loan funds.

PROPOSED