

**CITY OF LORAIN, OH
COMMUNITY DEVELOPMENT BLOCK GRANT
SECTION 108
HOME**

SUBSTANTIAL AMENDMENT FOR THE REALLOCATION OF FUNDS OF THE 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024 & 2025 ANNUAL ACTION PLANS

The City is recommending the following proposed changes to the 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024 & 2025 Annual Action Plans. An in person, public hearing will be Monday, November 10, 2025 at 5:00 p.m. at Lorain City Hall, Council Chambers, 200 West Erie Avenue, Lorain, OH 44052.

This meeting will also be available via live stream at the following website: http://destinyhosted.com/agenda_publish.cfm?id=56724. The public hearing will commence at 5:00 p.m. with an initial presentation lasting until approximately 5:15 p.m. To make a comment or to ask questions regarding the substantial amendment, residents watching via live stream will be able to communicate directly with the City staff by emailing Matt_Kusznir@cityoflorain.org or calling 440-752-9392.

A 30 day comment period will begin upon the advertisement of the amendment. During this comment period, the City will consider any comments or views of citizens received in writing, e-mail, or verbally at the public hearing. Comments will be included as an attachment to the amendment.

The City of Lorain's Citizen Participation Plan requires a Substantial Amendment in order to carry out an activity not previously included in the action plans. The process to approve this amendment to the action plans is as follows: (a) Not carry out an activity that was described in the Consolidated Plan; (b) Carry out activity not previously identified in the Consolidated Plan; or (c) Substantially changing the purpose is defined as the project being categorized as a different CDBG, HOME, or other program activity, a change in scope presents a twenty percent (20%) difference in the budgeted amount of a program activity, and a change in location is defined as different census tract area.

The 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024 & 2025 Annual Action Plans are proposing to amend the following projects:

Reallocation of funds for (2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024 & 2025):

BLOCK GRANT						
\$ REALLOCATED FROM THESE ACTIVITIES						
ACTIVITY	PROJECT	NAT. OBJ.	MATRIX CODE	AMOUNT	YEAR	FUND TYPE
Oakview Tank	Oakview Tank	LMA	03F	\$362.51	2020	PI
Lakeview Park (South) Restroom	Park Restroom Improvements	LMA	03F	\$7,991.30	2022	EN
General Johnnie Wilson Park – Restroom	Park Restroom Improvements	LMA	03F	\$6,581.30	2022	EN
	Park Restroom Improvements	LMA	03F	\$38,958.30	2022	EN
LMHA – Rehabilitation of International Plaza	Public Housing Modernization	LMH	14C	\$1,156.48	2023	EN
	CDBG – Housing – Home Repair	LMH	14A	\$10,000.00	2024	EN
	Clearance & Demo	SBS	04	\$70,000.00	2024	EN
Total				\$135,049.89		
\$ REALLOCATED TO THESE ACTIVITIES						
ACTIVITY	PROJECT	NAT. OBJ.	MATRIX CODE	AMOUNT	YEAR	FUND TYPE
Longfellow Skatepark	Public Facility Improvements/Parks	LMA	03F	\$362.51	2020	PI
	Public Facility Improvements/Parks	LMA	03F	\$53,530.90	2022	EN
Longfellow Skatepark	Public Facility Improvements/Parks	LMA	03F	\$1,156.48	2023	EN
Fair Housing	CDBG – Fair Housing	LMA	05J	\$10,000.00	2024	EN
	Public Service	LMC	05D	\$70,000.00	2024	EN
Total				\$135,049.89		

**City of Lorain, OH – Substantial Amendment
2025-2030 HUD Consolidated Plan and 2025 Annual Action Plan
Section 108 Loan Program Summary**

The City of Lorain is preparing an application to the U.S. Department of Housing and Urban Development (HUD) for up to \$6,300,000 in Section 108 Loan Guarantee Funds. This flexible financing tool will enable Lorain to catalyze equitable economic, housing, and community-development projects that strengthen neighborhoods and expand opportunities for residents. The Section 108 Loan Fund will leverage private, philanthropic, and public capital to advance projects that would not otherwise occur.

The programs goal's include acquiring land for redevelopment, revitalizing housing stock, development of new public facilities and directly assisting businesses, nonprofits, and real estate development projects that produce a public benefit. Individual projects will be evaluated by a Loan and Investment Committee composed of City and community representatives and led by the Building, Housing and Planning Department.

Section 108 National Objectives and Public Benefit Criteria

All activities funded through the Section 108 Loan Fund will meet one of HUD's three National Objectives defined in 24 CFR 570.208 and required under 570.200(a)(2):

- 1) benefit low- and moderate-income families
- 2) aid in the prevention or elimination of slums or blight, or
- 3) meet other urgent community development needs that pose a serious and immediate threat to the health or welfare of the community.

Section 108 loans will benefit the public directly and indirectly by allocating funds for development projects that would not occur in their absence. Development activities such as rehabilitation, acquisition, clearance, demolition, new construction as applicable, and removal will be permissible through the Section 108 Loan Fund. The application of Section 108 loans covered under Section 570.703(a): "acquisition of improved or unimproved real property in fee or by long-term lease, including acquisition for economic development purposes" will be a vital resource to advance equitable development projects in Lorain. The Section 108 Loan Fund will be a tool to bring real estate and community development projects to fruition in the City, while leveraging other public, philanthropic, and private resources.

Loan Activities

Section 108 loans will finance both traditional long-term lending and short-term gap-financing needs. Typical uses include providing bridge financing for catalytic projects awaiting local or state funding commitments.

Projects must satisfy one or more of the following criteria:

- Be located in a census tract where at least 51% of residents are LMI;
- Directly benefit LMI residents citywide
- Create or retain jobs of which at least 51% are held by LMI persons.

The Section 108 Loan Fund may be used for the following eligible activities:

- Special Economic Development (24 CFR 570.703(i); 570.203 / 570.204)
- Public Facilities and Improvements (24 CFR 570.201(c))
- Acquisition of Real Property (24 CFR 570.703(a))
- Housing Rehabilitation (24 CFR 570.703(h))

Consistent with 24 CFR 570.209, underwriting will ensure that Section 108 funds do not substitute for non-federal financing and that each project is financially feasible and proportionate in public benefit. Job-creation and benefit thresholds will align with HUD requirements—no more than \$50,000 in CDBG-backed assistance per full-time permanent job created, or \$1,000 per LMI person benefiting from the activity.

The overarching goal is to finance investments that expand Lorain's economic base, generate net-new jobs, and benefit residents and geographies meeting the low to moderate income criteria.

Priority Projects for Funding

The city will target Section 108 Financing towards projects that promote job creation, community revitalization initiatives, and public facilities. Funds will be allocated in the following categories:

- Special Economic Development: \$5,000,000
- Public Facilities: \$1,300,000

Additional eligible uses may include Acquisition of Real Property and Housing Rehabilitation. The program will focus on advancing equitable community development through targeted reinvestment in Lorain's most underserved areas. Investments will be prioritized in existing target wards, with a particular focus on South Lorain, the Central Lorain Business District, and the Downtown District. These areas have been identified as high-need neighborhoods where resources can leverage additional private and public investment.

Special Economic Development (\$5M): Funds will be directed toward supporting catalytic commercial and industrial redevelopment projects that can expand employment opportunities and increase the city's tax base. Potential projects will reduce blight within commercial and industrial districts and will be tied to job creation in distressed neighborhoods.

Public Facilities (\$1.3M): Resources will support improvements to community facilities, infrastructure, and amenities that enhance resident well-being. This may include upgrades to public spaces, accessibility improvements, and community-serving facilities that reinforce neighborhood stabilization that align with our Consolidated Plan. Early conversations with community partners, developers, and local businesses highlight a strong demand for both economic development and public facility investment in the target areas. South Lorain, long underserved by reinvestment efforts, stands to benefit significantly from renewed focus and resources. Likewise, the Downtown District is poised for catalytic redevelopment projects that will attract businesses, generate jobs, and strengthen opportunities for our residents. The

HOME				
Project	Current Allocation	(+) or (-)	Total Amount of Change	Proposed Allocation
2016				
Admin	\$365,720.00	(-)	(\$349,957.55)	\$15,762.45
CHDO	\$54,858.00	(-)	(\$54,858.00)	\$0.00
Live/Work RLF	\$274,290.00	(-)	(\$274,290.00)	\$0.00
Homeowner Occupied Rehab	\$0.00	(+)	\$178,349.74	\$178,349.74
	\$694,868.00		(\$500,755.81)	\$194,112.19
2017				
Admin	\$38,013.00	(+)	\$7,137.41	\$45,150.41
Homeowner Occupied Rehabilitation	\$342,120.00	(-)	(\$340,116.03)	\$2,003.97
Homebuyer - New Construction	\$0.00	(+)	\$177,430.04	\$177,430.04
	\$380,133.00		(\$155,548.58)	\$224,584.42
2018				
Admin	\$64,556.00	(+)	\$13,556.55	\$78,112.55
Homeowner Occupied Rehabilitation	\$376,000.00	(+)	\$24,000.00	\$400,000.00
DPA	\$205,000.00	(-)	(\$130,000.00)	\$75,000.00
Homebuyer - New Construction	\$0.00	(+)	\$227,667.95	\$227,667.95
	\$645,556.00		\$135,224.50	\$780,780.50
2019				
Admin	\$44,251.00	(+)	\$58,290.91	\$102,541.91
Homeowner Occupied Rehabilitation	\$300,000.00	(-)	(\$300,000.00)	\$0.00
DPA	\$98,262.00	(-)	(\$98,262.00)	\$0.00
Homebuyer - New Construction	\$0.00	(+)	\$419,161.75	\$419,161.75
Rental - New Construction	\$0.00	(+)	\$0.00	\$0.00
	\$442,513.00		\$79,190.66	\$521,703.66
2020				
Admin	\$53,332.00	(+)	\$60,725.10	\$114,057.10
Homeowner Occupied Rehabilitation	\$479,987.00	(-)	(\$479,987.00)	\$0.00
Homebuyer - New Construction	\$0.00		\$375,740.26	\$375,740.26
Rental - New Construction	\$0.00	(+)	\$795.17	\$795.17
	\$533,319.00		(\$42,726.47)	\$490,592.53
2021				
Admin	\$53,778.30	(+)	\$5,383.65	\$59,161.95
CHDO	\$62,610.99	(-)	(\$62,610.99)	\$0.00
Homeowner Occupied Rehabilitation	\$417,406.63	(-)	(\$417,406.63)	\$0.00
Rental - New Construction	\$0.00	(+)	\$532,457.57	\$532,457.57
	\$533,795.92		\$57,823.60	\$591,619.52
2022				
Admin	\$61,596.40	(+)	\$3,031.49	\$64,627.89
CHDO	\$83,394.60	(-)	(\$83,394.60)	\$0.00
DPA	\$235,486.50	(-)	(\$235,486.50)	\$0.00
Rental - New Construction	\$0.00	(+)	\$581,651.01	\$581,651.01
	\$380,477.50		\$265,801.40	\$646,278.90
2023				
Admin	\$68,840.20	(-)	(\$1,615.71)	\$67,224.49
Homeowner Occupied Rehabilitation	\$262,650.75	(-)	(\$262,650.75)	\$0.00
DPA	\$262,650.75	(-)	(\$262,650.75)	\$0.00
Rental - New Construction	\$0.00	(+)	\$201,166.40	\$201,166.40
Homebuyer - New Construction - SW	\$0.00	(+)	\$309,593.72	\$309,593.72
	\$688,402.00		(\$16,157.09)	\$672,244.91
2024				
Admin	\$57,305.26	(+)	\$28,124.09	\$85,429.35
Homeowner Occupied Rehabilitation	\$218,644.60	(-)	(\$218,644.60)	\$0.00
DPA	\$218,644.59	(-)	(\$218,644.59)	\$0.00
Homebuyer - New Construction - SW	\$0.00	(+)	\$690,406.28	\$690,406.28
	\$573,052.29		\$281,241.18	\$854,293.47

alignment of community needs with this opportunity will establish a clear, well-defined pipeline of projects.

Financial Guarantees, Reporting, and Usage

HUD's guarantee of Section 108 loans allows the City of Lorain to borrow against future CDBG allocations at favorable terms, thereby expanding available capital for high-impact projects. In addition to HUD's loan guarantee, the City will establish a loan loss reserve to further protect against potential defaults and strengthen the creditworthiness of the Section 108 Loan Pool. The reserve will be capitalized through a one-percent (1%) interest-rate spread over the City's cost of funds charged to private borrowers. Based on current rates, this spread is expected to generate the present-value equivalent of a 7–8% loss reserve over the life of the portfolio. This approach provides an additional layer of security and aligns with the City's commitment to maintaining a low-risk lending profile.

Borrowers receiving Section 108 financing will be required to:

- Submit quarterly performance reports detailing job creation, income levels of beneficiaries, and other compliance data;
- Provide adequate collateral, which may include real-property liens, personal or corporate guarantees, and/or a pledge of future CDBG allocations; and
- Maintain records consistent with HUD monitoring and audit standards.

The Building, Housing and Planning Department will oversee underwriting, loan servicing, and reporting to HUD. The City will ensure that each project delivers measurable public benefit and complies with all federal regulations governing Section 108 loan guarantees.

Conclusion

By leveraging HUD's Section 108 Loan Guarantee Program, the City of Lorain will unlock flexible, low- cost capital to accelerate redevelopment, strengthen economic growth, and improve quality of life in historically disinvested neighborhoods.