



**Section 108 Pre-Application Draft  
City of Mount Vernon, NY**

Community Development Block Grant Program

March 2023

## **1. Introduction**

### **a. Requested Loan Amount**

The City of Mount Vernon is requesting a Section 108 loan in the amount of \$8,081,050.00 to establish the Mount Vernon Public Facilities Loan Fund. Loan proceeds will be used for CDBG eligible activities that meet a Low-Moderate national objective.

### **b. Community Profile**

The City of Mount Vernon has approximately 73,893 residents approximately 16,000 per square mile) occupying 4.4 square miles and is the 8<sup>th</sup> most densely populated city in New York State.

#### **Transportation**

Designated as a bedroom/commuter community from its inception, Mount Vernon is about a 25- to 30-minute commute to midtown Manhattan via one of the City's three Metro-North railroad stations. There are three additional Metro-North stations within 2/3 mile of the City's boundaries that are accessible to Mount Vernon residents. Pre-pandemic, ridership at the Mount Vernon East station averaged 2,880 riders per day in 2018, making it the busiest rail station within Mount Vernon. Additionally, two New York City subway lines terminate or commence within three city blocks of the Mount Vernon border. The Westchester County Bee-Line System connects Mount Vernon residents to NYC and parts of Westchester County, with seven routes accessible at Petrillo Plaza in the City's downtown. Three parkways run through the City and two major highways are less than a mile each from the City's borders. Currently, Mount Vernon does not have any designated bicycle lanes.

#### **Travel to Work**

The 2020 ACS 5-year Estimates show that for Mount Vernon residents who commuted to work, almost 50% drove to work alone, approximately 8% carpooled, and approximately 32% used public transportation. About 4% of residents walked to work and approximately 3% used other means. The average commute time was 37.3 minutes. 3.5% of residents worked from home.

#### **Population and Demographics**

Per the 2020 Census, Mount Vernon has a population of 73,893 people. Its racial and ethnic profile is 62.7% Black/African American, 17.4% Hispanic/Latino, 17.2% White, and 2.1% Asian. The foreign-born population is 30.4%. The median income for the city is \$59,291 and the poverty level is 13.7%. 2020 ACS 5-year Estimates show that for residents who are 25 years or older, an estimated 26.1% are high school graduates, 17.7% of residents have a bachelor's degree, and 13.2% have a graduate or professional degree.

#### **Employment**

In 2017, 20,722 people were employed in Mount Vernon. The largest industries in terms of the percentage of employment are construction (17.39%), health care and social assistance (13.86%), retail trade (11.13%), and educational services (10.24%).

#### **Housing**

As per the 2021 American Community Survey median household income in the city is \$68,300. Approximately 65 percent of Mount Vernon's population are low-moderate-income.

Roughly 39% of the population live and own their homes, which has a median value of \$360,000. The monthly median gross rent in the city is \$1,406.

**Table 1**  
**Select Demographic Information**  
**City of Mount Vernon and Westchester County, NY**

Category	Mount Vernon	Westchester County
Population 2020	73,893	1,004,457
Median Household Income 2017- 2021	\$68,300	\$105,387
Percent Low-Mod Households	65%	36%
Median Home Value 2017-2021	\$380,500	\$559,900
Median Gross Rent 217-2021	\$1,406	\$1,682
Estimated percent of all households that own a home, between 2017-2021.	39%	62%
Percent Non-Hispanic Black or African American Population (2017-2021)	58.21%	13.28%
Percent Non-Hispanic White Population (2017-2021)	17.23%	52.39%
Percent Other Non-Hispanic Population (2017-2021)	1.85%	0.79%
Percent "Two or More Races" Non-Hispanic Population (2017-2021)	2.67%	2.24%
Percent Hispanic or Latino Population (2017-2021)	17.32%	25.19%
Percent Non-Hispanic American Indian or Alaska Native (2017-2021)	0.44%	0.15%
Percent Non-Hispanic Asian Population (2017-2021)	2.28%	5.95%

## **2. Description of Loan Fund**

### **a. Pipeline of Projects**

One of the strategic goals for the city is to invest in public facilities and infrastructure projects. The proposed request will establish the Mount Vernon Public Facility Improvement Fund (the "Fund"). The intent of the Fund is provide the City with the financial resources needed to rehabilitate the Armory, The Dole Community Center, and fire stations. This would enable the city to do programming for seniors and children and to invest in public safety. The end use for each property will meet a low-moderate income national objective.

### **b. Eligible Borrowers**

The city of Mount Vernon will be the borrower for all projects. The city will use the funds for the rehabilitation of city owned properties that serve low-to-moderate income residents.

## **3. Loan Portfolio Information**

### **a. Maximum and Minimum Loan Amounts**

HUD Section 108 Loan proceeds will be made available for eligible activities in amounts ranging from a minimum of \$500,000 to a maximum of \$8,000,000.

## Loan Terms

The City anticipates that it will originate loans with terms of 8-10 years. The loan will be repaid from the city's future annual CDBG entitlement allocation. Based on the outstanding balance, the city will pledge up to 80 percent of its annual CDBG entitlement allocation to repayment of the Section 108 loan.

In the interests of maintaining Fund flexibility in the event of an early repayment of a loan, the Fund loans will not be placed into the HUD public offering. Fund loans will instead remain in the interim HUD financing facility for their duration and be kept at HUD's interim financing floating rate.

### 4. Underwriting Process and Criteria

#### a. Project Selection

City staff have identified Section 108 eligible city-owned properties that are in need of rehabilitation and whose proposed end use after rehab will meet a national objective.

#### Scope of Work

##### **Dole Community Center – Projected Cost - \$5,000,000.00**

The bathrooms need to be renovated and need to be ADA accessible. The roof needs to be replaced, a new HVAC system, as well as electrical repairs are needed. The senior room needs to be renovated.

##### **Armory – Projected Cost - \$9,340,862.00**

A conditions assessment report was completed on January 10, 2022 identifying several critical structural tasks that must be completed for this facility. They include the following: roof replacement, flashing and storm water drainage, exterior masonry repairs, windows, doors, kitchens, and bathrooms.

#### Fire Stations

##### **Fire Station #2 - 435 Fulton Avenue – Projected Cost - \$2,000,000.00**

Bathroom renovations needed; roof replacement; ceiling tile and floor tile replacement; new exhaust system, exterior lighting and window replacement needed.

##### **Fire Station #3 - 50 W 3<sup>rd</sup> Street – Projected Cost - \$5,000,00.00**

Roof Replacement; ceiling tile replacement; new exhaust system; repair structural leak issues.

##### **Fire Station #4 – 9-11 Oak Street – \$5,000,000.00**

This facility is currently closed for fire operations due to critical and hazardous conditions. A conditions assessment report was completed on January 13, 2022 and the recommendation is that the building be demolished. A brand new fire station would be more cost effective.

##### **Fire Station # 6 – TBD**

##### **The Stevens House - \$500,000.00**

The interior of the structure needs to be renovated.

##### **Total Projected Costs - \$26,962,555.00**

**NEED TO INSERT CRITERIA AND PROCESS CITY WILL USE TO SELECT PROJECTS**

Once a project has been identified and approved for moving forward, the city will develop a scope of work and cost estimate for the project. A contractor for each project shall be selected consistent with the requirements of 2 CFR Part 200.318-321.

The Fund will comply with Appendix A to Part 570 - Guidelines and Objectives for Evaluating Project Costs and Financial Requirements. Prior to committing funds to a project, city staff will ensure that

- Project costs are reasonable;
- Sources of project financing are committed;
- Section 108 financing is not substituted for non-Federal funds;
- The development team has sufficient capacity and experience; and
- Section 108 financing will be disbursed on a pro rata basis with any other funding.

**Collateral**

Proposed collateral will be a lien from HUD on the city owned property being rehabbed.

**5. Information for Program Requirements**

**a. Eligible Activities**

In addition to meeting general policies of the Community Development Block Grant Program (CDBG) under 24 CFR 570 the Section 108 Loan Guarantee will fund eligible activities under 24 CFR 570.703, specifically 570.703(l), 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).

**b. National Objective**

The Fund will primarily finance eligible activities that benefit low- and moderate-income persons. It is anticipated that the activities will meet either the area benefit or limited clientele national objectives.

**EXHIBIT A:**

**Section 108 Loan Guarantee  
Entitlement Public Entity Certifications**

## ENTITLEMENT PUBLIC ENTITY CERTIFICATIONS

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**In accordance with the applicable statutes and the regulations governing Section 108 application submission requirements, the undersigned certifies, on behalf of the entitlement public entity and to the best of his or her knowledge and belief, that:**

1. It possesses the legal authority to make the pledge of grants required under 24 CFR 570.705(b)(2);
2. It has made efforts to obtain financing for activities described in the application without the use of the loan guarantee, it will maintain documentation of such efforts for the term of the loan guarantee, and it cannot complete such financing consistent with the timely execution of the program plans without such guarantee;
3. It possesses the legal authority to submit the application for assistance under 24 CFR Part 570, Subpart M and to use the guaranteed loan funds in accordance with the requirements of Subpart M;
4. Its governing body has duly adopted or passed as an official act a resolution, motion or similar official action:
  - (a) Authorizing the person identified as the official representative of the public entity to submit the application and amendments thereto and all understandings and assurances contained therein, and directing and authorizing the person identified as the official representative of the public entity to act in connection with the application to provide such additional information as may be required; and
  - (b) Authorizing such official representative to execute such documents as may be required in order to implement the application and issue debt obligations pursuant thereto (provided that the authorization required by this paragraph may be given by the local governing body after submission of the application but prior to execution of the contract required by §570.705(b));
5. Before the submission of its application to HUD, it has:
  - (a) furnished citizens with information required by 24 CFR 570.704(a)(2)(i);
  - (b) held at least one public hearing to obtain the views of citizens on community development and housing needs;
  - (c) prepared its application in accordance with the citizen participation requirements and made the application available to the public;
6. It is following a detailed citizen participation plan that meets the requirements described in 570.704(a)(2);
7. It will affirmatively further fair housing, and the guaranteed loan funds will be administered in compliance with:
  - (a) Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.); and
  - (b) The Fair Housing Act (42 U.S.C. 3601-3619);
8. In the aggregate, at least 70 percent of all CDBG funds, as defined at §570.3, to be expended during the one, two, or three consecutive years specified by the public entity for its CDBG program will be for

activities which benefit low- and moderate-income persons, as described in criteria at §570.208(a);

9. It will comply with the requirements governing displacement, relocation, real property acquisition, and the replacement of low- and moderate-income housing described in §570.606;
10. It will comply with the requirements of 24 CFR 570.200(c)(2) with regard to the use of special assessments to recover the capital costs of activities assisted with guaranteed loan funds;
11. (Where applicable, the public entity may also include the following additional certification.)  
It lacks sufficient resources from funds provided under this subpart or program income to allow it to comply with the provisions of 24 CFR 570.200(c)(2), and it must therefore assess properties owned and occupied by moderate income persons, to recover the non-guaranteed loan funded portion of the capital cost without paying such assessments in their behalf from guaranteed loan funds;
12. It will comply with the other provisions of title I of the Housing and Community Development Act of 1974 as amended (42 U.S.C. 5301 et seq.) and with other applicable laws.

\_\_\_\_\_  
(Entitlement Public Entity)

\_\_\_\_\_  
(Signature of Authorized Official)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Typed Name and Title of Authorized Official)



**SECTION 108 LOAN GUARANTEE PROGRAM**

**Certification Regarding Lobbying**

**Certification for Contracts, Grants, Loans, and Cooperative Agreements**

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

\_\_\_\_\_  
(Entitlement Public Entity)

\_\_\_\_\_  
(Signature of Authorized Official)

\_\_\_\_\_  
(Typed Name and Title of Authorized Official)

\_\_\_\_\_  
(Date)

**EXHIBIT B:**

**Public Hearing Notices and Other Public Participation**