

SUBSTANTIAL AMENDMENT TO THE CONSOLIDATED PLAN 2016 ACTION PLAN  
FOR SECTION 108 LOAN GUARANTEE ASSISTANCE-COMMERCE CENTER  
BUILDING

CITY OF BIRMINGHAM, ALABAMA  
DEPARTMENT OF COMMUNITY DEVELOPMENT

**NOTICE OF PUBLIC HEARINGS**

The City of Birmingham, Alabama, hereinafter referred to as "the City", will conduct a public hearing on Thursday, January 26, 2017 at 9:30 a.m. in the City Council Chamber, 3rd Floor City Hall, 710 North 20th Street, Birmingham, Alabama 35203.

The purpose of the hearing is to receive comments regarding a proposed Section 108 loan guarantee application, which if approved, would be included as a substantial amendment to the City's HUD approved Program Year (PY) 2015-2020 Consolidated Plan (July 1, 2015-June 30, 2019) and PY 2016 Action Plan Plan-One Year Use Of Funds (July 1, 2016-June 30, 2017), Project Number B-16-MC-01-0002. The hearing also provides citizens with reasonable notice of, and opportunity to comment on, such proposed changes in the use of Community Development Block Grant (CDBG) funds pursuant to 24 CFR Part 91. The City will consider any such comments received and, if the City deems appropriate, modify the changes.

**Commerce Hotel Rehabilitation:**

Rhaglan Hospitality, LLC is proposing to acquire and renovate The Commerce Building (located at 2027 First Avenue North) into the Commerce Hotel. The property has 8000 square feet of leasable mixed use space situated on Richard Arrington Jr. Blvd. and Morris Ave. The property also includes an additional 3500 square feet at the Penthouse level that will be designed for residential use. In addition, the property will also boast a modest amount of meeting space used primarily as boardrooms.

The hotel will be composed of 96 guest rooms, which includes a suite on every guest room floor. The project cost is estimated at approximately \$19.95 million.

The amount of the proposed Section 108 loan is for up to \$2.5 million for a 20-year term. A mortgage on real property will secure the loan. The eligible activity is special economic development (24 CFR 570.703(i)(1))

The project also conforms to the national objective of benefit to low and moderate-income citizens via job creation (CFR 570-208(a)(4)). Moreover, the project also satisfies the national objective of eliminating slums and blight on an area basis (24 CFR 570.208(b)(1)).

The Section 108 loan is expected to complete the sources of funds necessary to purchase and rehabilitate the property. The net operating income is forecast to be sufficient to repay all debt service, including the Section 108 loan; in addition, the security for the loan appears to conform to HUD underwriting guidelines. Citizens may find additional information on the project at the

Community Development Office at City Hall.

The project is expected to create a minimum of 50 new full-time equivalent jobs, all of which are presumed low and moderate-income. The City may waive the aggregate standard due to the poverty rate of the census tract and the transaction appears to satisfy the public benefit standards enumerated for individual projects at 24 CFR 570.209.

Uses of Funds

Acquisition	\$2,775,000
Rehabilitation	\$11,969,000
FF&E	\$1,267,000
Soft Costs/Other	\$3,939,000
Total	\$19,950,000

Sources of Funds

Private Debt	\$7,000,000
Equity	\$3,950,000
SBA 504	\$5,000,000
Section 108 Loan	\$2,500,000
Deferred Developer Note	\$1,500,000
Total	\$19,950,000

**CITIZEN COMMENT PERIOD**

The City encourages citizens to participate in the development of the proposed amendments described herein and is hereby making them available for public examination and comment for a period of at least 30 calendar days from the date of this publication. All interested citizens who are unable to attend the public hearings referenced herein, but desire to submit written views and comments regarding the City's proposed amendments or housing and community development needs, may do so by addressing them to:

P. Nigel Roberts, Deputy Director  
Community Development Department  
710 North 20th Street, 10<sup>th</sup> Floor City Hall  
Birmingham, Alabama 35203

All written comments must be received at the above address no later than Wednesday, February 20, 2017 by 4:00 p.m. to be considered. All timely comments received will be considered in the finalization of the proposed amendments described herein. Upon approval, a description of the final amendments will be submitted to the U.S. Department of Housing and Urban Development

(HUD) and will be made available for inspection in the City's Community Development Department.

The City does not expect any proposed activity described herein to result in displacement. The City anticipates that approximately 90% of available funds in the aggregate for all activities described in the City's PY 2016 Action Plan-One Year Use of Funds will benefit low and moderate income persons.

The City does not discriminate on the basis of race, color, national origin, sex, religion, age, or handicapped status in employment or provision of services.

January 20, 2017

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