City of Sharon, PA

11/13/2026

Section 108 Application (DRAFT)

Public Facility Improvements – East Hill Neighborhood

Suzanne Kepple, CDBG Program Manager, City of Sharon

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I. Executive Summary

The amount of Section 108 Loan Guarantee Funds is $1,500,000, which includes the financing fee, for a term of 10 years. The project is a public facility improvement of street improvements (Matrix Code 03K) of the following streets:

- Ormond Ave (E State St to Sharon/Hermitage municipality line)
- Hull St (Jefferson Ave to N Sharpsville Ave)
- Fullerton Pl (N Oakland Ave to Ormond Ave)

This will include milling and paving the streets and ADA accessibility. The national objective is Low- and Moderate-Income Area Benefit for the Census Tract Block Groups of: CT 303004 and CT 303002.

Community Development Objective – As part of the 2025-2029 Consolidated Plan, the Community Development Priority is to:

Support the improvement of the community facilities, infrastructure, public services, and the quality of life in the City of Sharon.

The Community Development Goal, CD-2 is:

Improve the City's public facilities and infrastructure through rehabilitation and new construction.

The overall project budget, including the amount of loan guarantee funds, is included in Section III. Project Description.

II. Amount of Section 108 Request

Section 108 Amount Requested ($1,000 increments)	$1,484,000.00
Section 108 Financing Fee (estimated) (1.05% of principal; for 2027 projects)	$16,000.00
Total	$1,500,000.00

The guaranteed loan proceeds will be used for a public facility infrastructure project for street improvements in low/mod-income areas. The amount is lower than the available borrowing capacity under the program of $2,627,220 (five times of PY 2026 grant funds).

III. Project Description

The project is a public facility improvement of street improvements (Matrix Code 03K) of the following streets:

- Ormond Ave (E State St to Sharon/Hermitage municipality line)
- Hull St (Jefferson Ave to N Sharpsville Ave)
- Fullerton Pl (N Oakland Ave to Ormond Ave)

This will include milling and paving the streets and ADA accessibility. The national objective is Low- and Moderate-Income Area Benefit for the Census Tract Block Groups of: CT 303004 and CT 303002.

Table 1. Project Funding Description

Source	Amount	Distribution of Funds to Project Category
Amount of Section 108 Funds Requested:		
Section 108 Loan	$1,484,000.00	Loan
Section 108 Financing Fee	$16,000.00	Financing Fee
Total Amount Requested:	$1,500,000.00	
Project Cost (estimated):		
Engineering Services	$150,000.00	Project Cost
Construction Cost	$1,350,000.00	Project Cost
Total Project Cost:	$1,500,000.00	
Loan Interest to be Paid (estimated)*:	$65,850.00	*Current Interest Rate at 4.39%; Subject to Change

Total Project Cost with Interest (estimated):	$1,565,850.00	
Funds Committed:		
CDBG PY 2023	$95,492.00	Repayment of Loan
CDBG PY 2024	$100,000.00	Repayment of Loan
CDBG PY 2025	$149,000.00	Repayment of Loan
CDBG PY 2026	$100,000.00	Repayment of Loan
CDBG PY 2027	$115,000.00	Repayment of Loan
CDBG PY 2028	$115,000.00	Repayment of Loan
CDBG PY 2029	$115,000.00	Repayment of Loan
CDBG PY 2030 to PY 2034 (next 5 Year Con Plan)	$575,000.00	Repayment of Loan
CDBG PY 2035	$115,000.00	Repayment of Loan
CDBG PY 2036	$115,000.00	Repayment of Loan
Total Funds Committed*:	$1,565,850.00	*Contingent on interest rate

Community Participation Plan requirements – Under the municipality's Citizen Participation Plan, the City of Sharon issued a public notice on November 13th, 2026 for notice of the public hearing and review of the proposed loan application. This notice also included substantial amendment to the 2025-2029 Consolidated Plan and the 2023, 2024, 2025, 2026 program years for the use of Section 108 funds. The City of Sharon will conduct a public hearing on December 2nd, 2026. The public notice was displayed at the City of Sharon Municipal Building and the Shenango Valley Community Library, as per the plan requirements. The proposed application was displayed in the City of Sharon City Clerk's office and Community Development Department's office as well as the Shenango Valley Community Library. The public was provided 30 days to issue comments from the public notice issued on November 13th, 2026. Along with the public hearing, this project was included on the City Council's workshop agenda on December 2nd, 2026 and will be up for approval to submit the Section 108 loan application at the regular City Council meeting on December 16th, 2026.

Environmental Review Record (ERR) – The City has initiated the ERR submission. The City anticipates the level of review of Categorically Excluded and Subject To (CEST) review with 24 CFR 58.5 and the project to convert to exempt as no compliance/consultation with regularly authorities is required.

Appendix A includes a map of the project area with the planned streets.

In October of 2025, the City of Sharon adopted their Comprehensive Plan, including a focus area of Neighborhood/Community Revitalization with an objective implement a comprehensive infrastructure maintenance plan. Specifically for this neighborhood, an

East Hill Neighborhood Action Plan was recently adopted and emphasized the priority of repairing streets, sidewalks, drainage, and related infrastructure. After an updated evaluation of the street conditions, it was determined the above streets listed were in need of replacement.

IV. Form of Assistance

Assistance for this project is in the form of a loan for the applicant, City of Sharon, CDBG Entitlement grantee, with a term of 10 years. Organizational arrangements will be found in Section VI.

V. Description of Compliance with Eligible Activities and National Objectives

A. **All Projects (Project Specific and Loan Funds)**

The national objective is Low- and Moderate-Income Area Benefit (24 CFR 570.208(a)(1)) for the Census Tract Block Groups of: CT 303004 and CT 303002, under Matrix Code 03K Street Improvements (24 CFR 570.703(l)). Both census tract block groups are areas with an at or above 51% low- and moderate-income areas. Since this project will benefit low/mod income individuals, this will contribute to the 70% of all CDBG expenditures being met. The receipt of the loan guarantee funds coincides with the LMA national objective and the City's five-year consolidated plan.

Appendix B is the city-wide low- to moderate-income map based on census information from the American Community Survey (ACS) 2016-2020 5-Year estimate as per the CPD Notice 24-04. Appendix C is the ACS 2016-2020 5-year estimate low- to moderate-income data illustrated in the map. Additionally, there was an income survey conducted in 2024 by the City's Community Development Department for CT BG 303004. Appendix D is the summary of that survey.

B. **Additional information Required for Loan Fund Projects**

In addition to this project, the City of Sharon is implementing community development projects in this neighborhood, which includes housing rehabilitation, housing development, public infrastructure projects including sidewalk improvements. The funding sources include HOME (DCED), Neighborhood Assistance Program (NAP, DCED), Federal Home Loan Bank (FHLB), and Multimodal (DCED). This project is part of a neighborhood revitalization effort through the Sharon East Hill Neighborhood Action Plan.

VI. Information on Organizational Arrangements

HUD (Guarantor) – reviews/approves Section 108 application and Level 1 and 2 transactions; raises funds from investors (Level 1)

HUD/FMD - The Financial Management Division of HUD will perform underwriting of the loan.

Fiscal Agent – arranges interim loan; disburses funds to recipient (Level 1)

Lenders/Investors – local financial institution to hold Loan Guarantee, Loan Repayment and Loss Revenue accounts

City of Sharon/Grantee/Borrower – applies for and administers Section 108 Loan Guarantee funds; supervise engineer and performs administration of project

CDBG Program Manager – administration of project

Finance Director – manages requirements of loan

Engineer – supervise implementation of construction project; reports to City of Sharon

Contractors – complete construction project; reports to engineer and City of Sharon; follows applicable regulations, including required reporting

VII. Information for Financial Underwriting

See Tables 1 (Section III, above) and 2 (Section VII, below) for information on project funding and description and loan repayment schedule. The collateral proposed is out of the City's general revenue.

Table 2. Repayment of Loan Schedule

Source	Amount	Planned Repayment of Loan (Fiscal Yr)
Amount of Section 108 Funds Requested:		
Section 108 Loan	$1,484,000.00	See below
Section 108 Financing Fee	$16,000.00	2027
Total Amount Requested:	$1,500,000.00	
Repayment Funds:		
CDBG PY 2023	$95,492.00	2027

CDBG PY 2024	$100,000.00	2027
CDBG PY 2025	$149,000.00	2027
CDBG PY 2026	$100,000.00	2027
CDBG PY 2027	$115,000.00	2028
CDBG PY 2028	$115,000.00	2029
CDBG PY 2029	$115,000.00	2030
CDBG PY 2030 to PY 2034 (next 5 Year Con Plan)	$575,000.00	PY 2030 - 2031 PY 2031 - 2032 PY 2032 - 2033 PY 2033 - 2034 PY 2034 - 2035
CDBG PY 2035	$115,000.00	2036
CDBG PY 2036	$115,000.00	2037
Total Funds Paid*: *Contingent on Interest Rate	$1,565,850.00	All by 2037

VIII. Expected Sources of Repayment and Loan Fee

The distribution of sources of repayment is included in the above table in Section VII, with CDBG grant funds as the source of repayment. The source of payment for the Section 108 loan fee is CDBG grant funds.

IX. Statutory and Proposed Additional Security

The City must furnish, at the discretion of HUD, such other security as may be deemed acceptable to HUD. The type of security includes the City's general revenue with the Debt Service Reserve Account.

X. Contact Information

A. Local Point of Contact
    a. Suzanne Kepple, CDBG Program Manager, City of Sharon
        i. 155 West Connelly Blvd Sharon, PA 16146
        ii. skepple@cityofsharon.net
        iii. 724-983-3231
    b. Jason Tomko, Finance Director, City of Sharon
        i. 155 West Connelly Blvd Sharon, PA 16146
        ii. jtomko@cityofsharon.net
        iii. 724-983-1164

B. Field/Regional Office Point of Contact (Pittsburgh Field Office)
    a. Andrew Ritchie, Senior CPD Representative, HUD
        i. 1000 Liberty Ave, Suite 1000 Pittsburgh, PA 15222
        ii. Andrew.M.Ritchie@hud.gov
        iii. 412-644-5459
C. Congressional District and Delegation
    a. U.S. Representative Mike Kelly, 16th District of Pennsylvania
        i. Hermitage District Office
        ii. 3877 East State St Hermitage, PA 16148
        iii. 724-342-7170

XI. Certifications (not included in Draft)

Certifications to Accompany HUD Section 108 Loan Guarantee Program Application for Entitlement Public Entities are in Appendix E.

XII. Appendices

Appendix A. Sharon East Hill Neighborhood Proposed Planned Streets for Public Facility Improvements

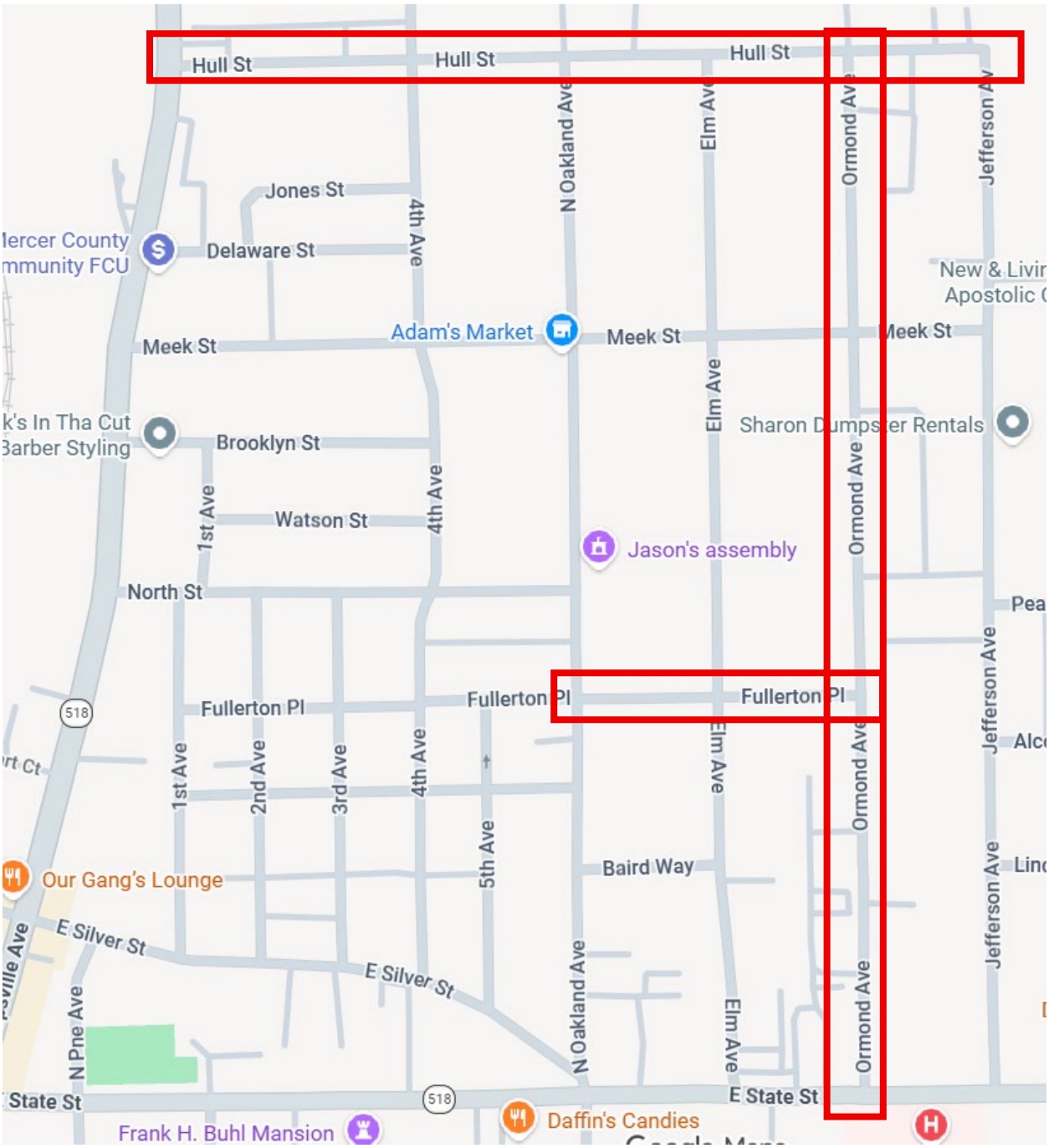
Appendix B. Sharon Low Mod Income Percentage 2016-2020 Map – Post Survey

Appendix C. Sharon ACS 2016-2020 5-Year Estimated Low- to Moderate-Income Data

Appendix D. Sharon CT 303 BG 4 Income Survey Summary

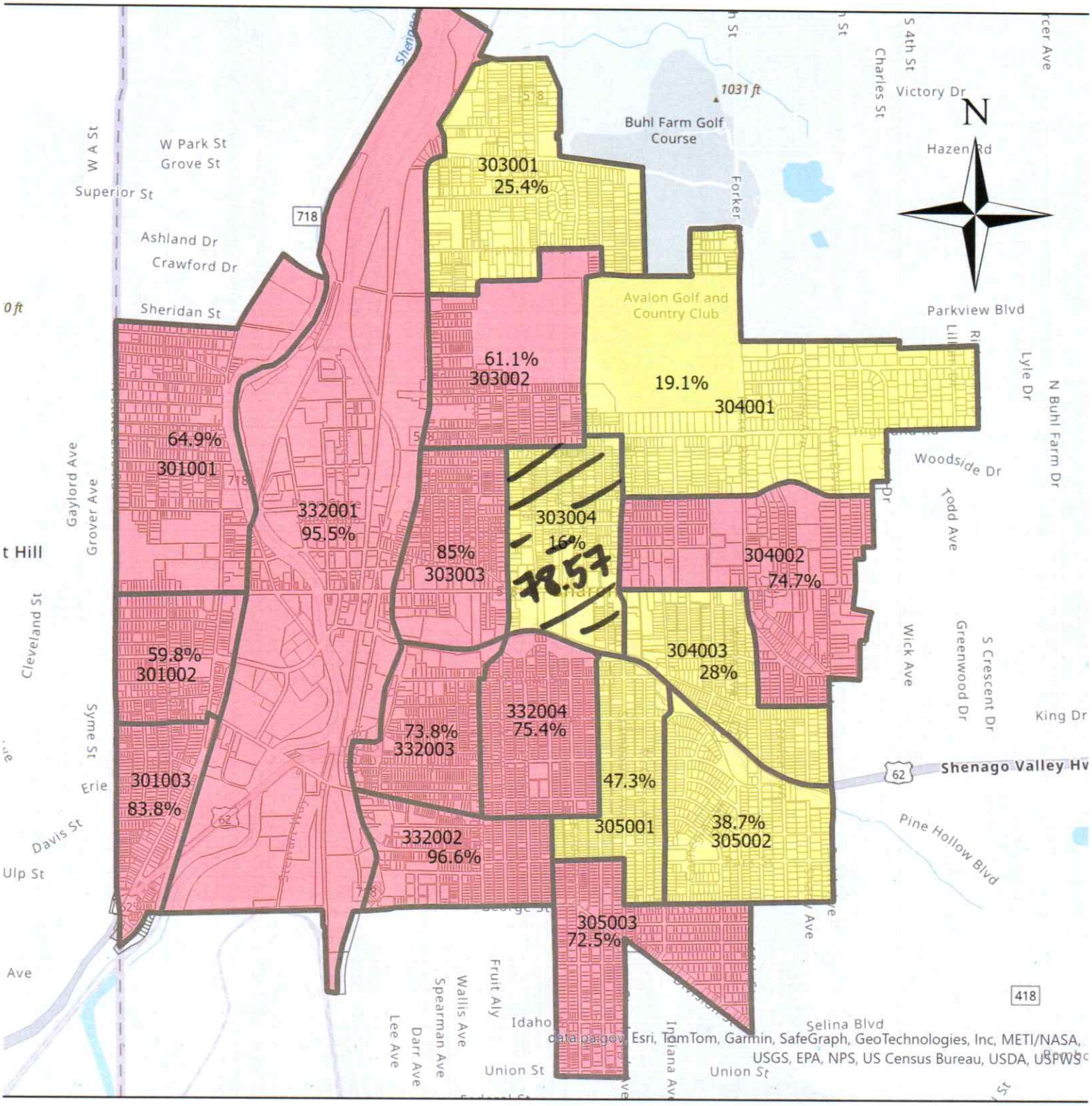
Appendix E. Entitlement Certifications for Section 108 Application

Appendix A. Sharon East Hill Neighborhood Proposed Planned Streets for Public Facility Improvements



Appendix B. Sharon Low Mod Income Percentage 2016-2020 Map – Post Survey

City of Sharon, PA Low to Moderate Income Percentage



Legend

Low Moderate Percentage

- 16.00 - 50.99
- 51.00 - 100.0

TRACT BLOCK GROUP

- 301001
- 301002
- 301003
- 303001
- 303002
- 303003
- 303004
- 304001
- 304002
- 304003
- 305001
- 305002
- 305003
- 332001
- 332002
- 332003
- 332004

Appendix C. Sharon ACS 2016-2020 5-Year Estimate Low- to Moderate-Income Data

CDBGNAME	STUSAB	Geoname	COUNTY	TRACT	BLKGRP	LOW	LOWMOD	LMMI	LOWMOD UNIV	LOWMOD_ PCT	MOE_LOW MODPCT		LOWMOD % with 2024 survey of CT303004
Sharon	PA	Block Group 1, Census Tract 301	085	030100	1	395	500	640	770	64.90%	+/-16.80%		64.90%
Sharon	PA	Block Group 2, Census Tract 301	085	030100	2	190	350	400	585	59.80%	+/-21.20%		59.80%
Sharon	PA	Block Group 3, Census Tract 301	085	030100	3	200	310	365	370	83.80%	+/-14.70%		83.80%
Sharon	PA	Block Group 1, Census Tract 303	085	030300	1	75	215	490	845	25.40%	+/-12.60%		25.40%
Sharon	PA	Block Group 2, Census Tract 303	085	030300	2	125	385	565	630	61.10%	+/-25.00%		61.10%
Sharon	PA	Block Group 3, Census Tract 303	085	030300	3	425	425	475	500	85.00%	+/-14.80%		85.00%
Sharon	PA	Block Group 4, Census Tract 303	085	030300	4	190	240	850	1,430	16.80%	+/-11.70%		78.57%
Sharon	PA	Block Group 1, Census Tract 304	085	030400	1	135	180	485	940	19.10%	+/-8.90%		19.10%
Sharon	PA	Block Group 2, Census Tract 304	085	030400	2	320	740	765	990	74.70%	+/-14.30%		74.70%
Sharon	PA	Block Group 3, Census Tract 304	085	030400	3	100	210	470	750	28.00%	+/-13.60%		28.00%
Sharon	PA	Block Group 1, Census Tract 305	085	030500	1	270	355	505	750	47.30%	+/-21.10%		47.30%
Sharon	PA	Block Group 2, Census Tract 305	085	030500	2	165	265	495	685	38.70%	+/-16.10%		38.70%
Sharon	PA	Block Group 3, Census Tract 305	085	030500	3	450	500	600	690	72.50%	+/-12.70%		72.50%
Sharon	PA	Block Group 1, Census Tract 332	085	033200	1	1,015	1,065	1,115	1,115	95.50%	+/-5.50%		95.50%
Sharon	PA	Block Group 2, Census Tract 332	085	033200	2	510	575	595	595	96.60%	+/-6.00%		96.60%
Sharon	PA	Block Group 3, Census Tract 332	085	033200	3	240	240	260	325	73.80%	+/-27.30%		73.80%
Sharon	PA	Block Group 4, Census Tract 332	085	033200	4	460	720	930	955	75.40%	+/-13.90%		75.40%

CDBGUOGID 426258

Appendix D. Sharon CT 303 BG 4 Income Survey Summary

CT 303 BG 4 Income Survey for CDBG Program November 21, 2024

Introduction: In order to demonstrate the population of this census tract block group, CT 303 BG 4, where proposed CDBG-funded activities are eligible, the City of Sharon (also known as the Responsible Entity or RE) conducted an income survey for this area. The RE utilized the "Guidebook: Conducting Local Income Surveys in the Community Development Block Grant Program" and followed the procedure explained in the document.

Data Provided Before Survey: Beginning on August 1, 2024, Development of Housing and Urban Development (HUD) issued the CPD Notice 24-04 LMISD Based on the American Community Survey Low/Moderate Income Summary Data 2016-2020, which now supersedes CPD Notice 19-02. With this data, CT 303 BG 4 low/moderate income percentage was 16.80%. The RE did not agree with the low/moderate income percentage and began the process to conduct an income survey for that area.

Survey Process:

Survey Elements: Confidentiality of the individuals was not shared with any staff members inside the organization other than performing data analysis. Names and addresses were not kept in the final dataset. Each family had a unique ID that crosslinked with their address. Digital files were kept in a secure location. Paper files, including surveys, were kept in a secure location and only the unique ID is listed. The most recent income limit data was used for this survey.

Define Geography: The residential properties located in CT 303 BG 4 were surveyed. Any other use types outside of residential was removed from the sampling frame. Known vacant units were also removed.

Publicizing the Survey: No publicizing of the survey was conducted because it wasn't reasonable and cost-effective to do so. The survey was conducted by going door to door and conducting the in-person survey (if available). If no one was available, a "Sorry We Missed You" card (template provided from "Guidebook" was left. There were some surveys that were conducted over the phone after receiving a card.

Determining Your Survey Approach: In-person interviewing was the primary way in conducting the survey. There were some phone interviews when the individual contacted the RE after receiving a card. This was the most cost-effective approach for the RE.

Data Collection Tools:

Survey Instrument: The survey template that was provided by the "Guidebook" was utilized.

Sampling:

Cleaning the Sampling Frame: Using the Code Department's land management database, addresses for the service area was exported into an Excel spreadsheet. Only residential addresses were used with the other types removed. There were properties that were labeled as vacant, but were verified and then removed if determined vacant. Multi-unit buildings were identified and separated.

Calculating the Number of Responses Required: The RE used the SurveyMonkey Sample Size Calculator that was utilized in the "Guidebook." The area population was 314 housing units with a confidence level of 90 percent and margin of error of 10 percent. The result was to obtain 57 survey responses.

Assigning Unique Family IDs: Each address was assign three unique IDs. Generation of the Unique IDs was done using the Random.org website referenced in the "Guidebook".

Drawing the Sample: Generation of drawing the sample with the unique IDs was done using the Random.org website referenced in the "Guidebook".

Distributing the Survey: The survey was conducted by going door to door and conducting the in-person survey (if available). If no one was available, a "Sorry We Missed You" card (template provided from "Guidebook" was left. There were some surveys that were conducted over the phone after receiving a card.

Field Work: In-Person Interviewing:

Materials: Business cards, "Sorry We Missed You" cards, Paper surveys, Case management logs, Language translation service app, Miscellaneous items.

Interviewers: Two staff of the City of Sharon Community Development conducted surveys.

Interview Protocols: Protocols from the "Guidebook" were utilized. The survey provided from the "Guidebook" was used. The "Sorry We Missed You" was posted on houses unavailable. There were a few people that called the office number and a survey was conducted then. If an individual answered the door but didn't have time to answer the survey, they were given the survey and a business card.

Case Management:

Case Management Logs: The recommended fields for case management logs in the "Guidebook" were utilized, except for mail/field (all field) and number of families (another row was added with the correct address/unique ID instead of this field).

Case Management Tasks: The case management logs were written and then updated in the Excel spreadsheet.

Data Analysis and Management:

Cleaning Data: Vacant residences (including condemned properties) and Lot properties were removed from the count and updated in the database. Multiple housing units and "Vacant to Occupied" units were updated and counted. Those individuals who declined to provide family size and/or income was counted as a "refusal" and were not included in calculating income. The sampling size/responses required was 56 responses (only 1 less than the initial response requirements).

Overview of Analysis: In a separate Excel spreadsheet, the data was counted using the unique IDs, family size, and either LMI (low-moderate income) and NO (non-low-moderate income). The number of families/responses was calculated, including total, LMI families, and non-LMI families.

Of a total of 61 families, 47 were LMI families and 14 non-LMI families. The percentage of LMI families was 77.05 percent, taking 47 LMI families/60 total families. The number of individuals was calculated in order to calculate the income for the area, including total individuals and LMI individuals. Of a total of 142 individuals, 112 were LMI. The percentage of LMI individuals was 78.87 percent.

Conclusion:

The result of the survey concludes that the CT 303 BG 4 service area includes at least 51 percent of LMI individuals. Therefore, eligible activities will be available for CDBG funding in this service area.