

Small Cities Development Program Fact Sheet

Commercial Rehabilitation Program

Eligibility Requirements:

- **Ownership** - The applicant must own or be purchasing a property within the designated city. Eligible property types may include commercial buildings with trustees or contract for deed holders if all parties on the title sign all the necessary repayment and installment agreements that are included as a part of the grantee's program. **Buildings used for the general conduct of government, educational or religious institutions are not eligible.** SCDP funds cannot be used for these types of properties or to rehabilitate any commercial structure that is within a 100-year flood plain.
- **Eligible Repairs** - Repairs that are permanent and necessary are eligible. SCDP funds can only be used for exterior repairs/ improvements, code violation corrections, handicapped accessibility, and energy improvements. If building/equipment improvements that are not eligible for SCDP funds are needed/desired, the cost of repairs/equipment can be used as an owner match.
- **Real Estate Taxes** – The owner must be current with property taxes.
- **Insurance** – The owner must have property insurance for the loan's full term.
- **Average Loan** - The maximum Commercial Repair assistance is \$40,000, offered through a mix of "Deferred" and "Repayable" loans.
 - ****Deferred Loan** – 60% of the financing will be structured as a 0% deferred loan for a 5-year term. 100% deferred after 5 years, provided a business operates in the building for 5 years. The balance is reduced by 20% each year. If a business fails to operate in the building for 5 years, the balance must be paid to the city.
 - ****Repayable Loan** – 20% of the construction cost will be structured as a 2% repayable loan for a maximum 120-month term. A monthly payment schedule will be determined based on affordability. The minimum monthly payment required is \$50.00.
 - ****Owner Match**– 20% of the construction cost will be an owner match or other leveraged funds.

Commercial Repair Process: The program will follow the guidelines as set forth below.

- **Application** – The applicant will need to complete a full application for the program that requires proof of property ownership and other eligibility requirements.

- **Application Ranking** – All applications submitted that are complete, signed, and accurate that include all the requested supporting documents, will be ranked as per the date they arrive. Properties that participated in the survey process and requested to be on the waiting list will have the first chance to apply for the funds. After 30 days, the applications will be opened up to the entire targeted area. DSI will review applicants for verification of eligibility based on the ranking system. All applications will be served on a first-come, first-served basis.
- **Property Inspection** – DSI will inspect the property, identify any issues, and work with the applicant to determine what repairs should be done.
- **Work Write-Up** - The DSI Building Inspector will develop specifications on the work to be completed and how the work should be done. The owner will select the contractor from a list of DSI-approved licensed contractors that they would like to bid on their project, and bid packets will be distributed to these contractors.
- **Bid Awards** – DSI will meet with the owner and review the bids after receipt of bids from the contractor. The owner will then accept or reject the bids which have been submitted.
- **Repayment Agreement** - The owner shall enter into a repayment agreement with the City to accept the conditions of the loan. The repayment agreement will be filed at the County Recorder's Office.
- **Proceed to Work** - The DSI inspector will send a letter notifying the contractor that work may begin at the owner's property. The contractor will be required to secure any necessary building permits.
- **Payments** - Payments to contractors can be made on a full or partial basis as each contractor's work has been completed. To receive payment, the contractor must submit a lien waiver, a billing statement, and a signed completion certificate (all furnished). To make payment, the DSI Building Inspector must inspect the property and the owner must give signed permission to pay the contractor.
- **Project Completion** - Upon completion, a final inspection will be done, and the project will be closed.

Timeline:

- The timeline to complete projects usually is 30 months, depending on the project size and scope.

Resources:

- **DEED Small Cities Development Program**