



MEMORANDUM

DATE: June 7, 2016
TO: EDA President Krant, EDA Board Members, and Administrator Kreft
FROM: Cynthia Smith Strack, Community Development Director
RE: Item 5.3 Façade Improvement Loan Program

REQUEST: Discussion regarding Façade Improvement Loan Program

GENERAL INFORMATION

In April the EDA held a work session to discuss façade improvement loan program guidelines. The Board requested additional information be provided regarding programs in other communities, please find a summary of said standards research attached.

In addition, the Board requested the item be added to a future agenda for discussion. To facilitate discussion, the following are offered:

1. Does the EDA want to continue the Façade Improvement Loan Program? Is this a great, good, ok use of available funds? If we weren't offering this program in what else could we invest?
2. If yes, is rehabilitation of commercial buildings something the EDA wants to allow through the FILP? What types of rehabilitation – tuck pointing, mortar repair, brick restoration/cleaning, restoration of definable architectural features (i.e. parapets, cornices, traditional storefront windows), etc. are acceptable?
3. Is it necessary to differentiate between “rehabilitation” and “improvement” for grant purposes? Is it possible to differentiate between the two?
4. Is there a mechanism to maximize investment in rehabilitation projects? For example, rather than a flat dollar for dollar match would a percentage of the project formula induce larger projects? Would a once every five years versus annual eligibility for the program induce larger projects? Should a minimum project value be assigned?
5. Do we need to be shrewder in vetting applications, say ‘no’ or ‘maybe, but only if (demand more). . .’
6. Should there be more than one program? One that's focused on rehabilitation/major maintenance and another that focused on 'beautification' (awnings, lighting, painting).

ATTACHMENTS

Please find the following attached:

1. Existing FILP guidelines.
2. A summary of previously approved loans dating back to 2010.
3. A spreadsheet comparing façade grant program guidelines in other communities.

FAÇADE GRANT PROGRAM COMPARISON

Item	Blue Earth	Hutchinson	Lake City	Newport	NE Mpls	N. St. Paul	Shakopee	Stewartville	Belle Plaine
Match required	50%	50%	50%	50%	50%	20%	50%	50%	50%
Maximum amount	2,000	2,000	10,000	10,000	5,000	15,000	15,000	7,500	1,500
Primary purpose	Maintain & updating	Improvement	Historic preservation	Historic preservation	Improvement	Storefront upgrades	Improvement	Improve appearance	Upgrade appearance
Tuck pointing	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No*
Window repair/replace	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Door repair/replace	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Entryways	Yes	Yes	N/A	Yes	Yes	Yes	Yes	Yes	N/A
Painting	Yes	Yes	No	N/A	Yes	Yes	Yes	Yes	Yes
Awnings	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Signage	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
Lighting	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A
Landscaping	N/A	Yes	No	N/A	No	Yes	No	No	No
Roofing	N/A	N/A	No	No	No	No	Yes	Yes	Yes
Replacement of decorative features	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	N/A
Completion time limit	150 days	120 days	150 days	180 days	N/A	N/A	N/A	N/A	N/A
Area of building	Facing street/ave	Visible from ROW	Visible from ROW	N/A	N/A	All sides	All sides	Visible from ROW	Visible from ROW
Reapplication	Annual	Every 5 years	Annual	Annual	Annual	Annual	Annual	Annual	Annual
Notes	Rehab is primary, upgrade secondary	Rehab is primary, upgrade secondary	Historic preservation is goal	Preservation first, beautification second	Improvement	Only 20% forgivable	Forgivable over five years	Rehab acceptable if to historic element	* Allows brick repair and replacement

Policy and Procedures FAÇADE IMPROVEMENT LOAN PROGRAM

Belle Plaine Economic Development Authority (BPEDA)
In and For the City of Belle Plaine

Purpose

The purpose of the Façade Improvement Loan Program is to establish a loan program to provide the capability and incentive for owners and tenants of new and existing businesses to upgrade the appearance of their places of business, thereby improving their marketability and promoting redevelopment of new and existing business properties within the City.

Duration

Loans may be made under these policies to the extent that funds are available, as allocated to the fund by the BPEDA.

Nature of Loans

Staff will review each loan application. The loans will be allowed only for façade improvements of businesses within the City limits of Belle Plaine. The maximum amount for the loan is \$1,500 per business per calendar year. The loan will require a 1:1 match of the applicant, either through personal funds or a loan from a lender.

Goals for the Use of Loan Funds

By providing loans for façade improvements to existing and new businesses, the BPEDA has established the following goals:

1. The project will improve the façade of the business, thereby protecting property values.
2. The project will promote the retention of existing businesses and promote new business establishment.
3. The project will remove, prevent or reduce blight.
4. The projects may not be nonconforming uses and must be generally consistent with the City of Belle Plaine's Comprehensive Plan.
5. The projects will not significantly or adversely increase the impacts on existing service needs in the City.
6. The projects must meet the design guidelines established by the Belle Plaine Zoning Ordinance and the Belle Plaine Design Manual.
7. The project should seek to utilize local contractors, suppliers, vendors, professionals, and/or financial institutions.

Applicant Eligibility

Applicants may be individual owners, partnerships, corporations, tenant operators, or contract for deed purchasers of property and building within the City of Belle Plaine, but must provide all

documentation of entity status requested in the application form. Tenant operators shall be co-applicants for the Façade Improvement Loan Program together with fee owners of subject real property. The Applicant's property must be of conforming use or a legal non-conforming use under the Belle Plaine Zoning Ordinance.

Eligible Improvements for Use of Funds

Loan funds may be used to improve the exterior appearance of buildings and property within the City of Belle Plaine.

The definition of "façade" is used to assist in determining what eligible improvements are. The definition of "façade", according to the Merriam-Webster online dictionary, is the: 1) front of a building; also : any face of a building given special architectural treatment or 2) a false, superficial, or artificial appearance or effect.

Improvements may include, but are not limited to the following list. All eligible improvements must be visual from the adjacent public street.

1. Awnings
2. Painting
3. Residing
4. Window replacement/repair
5. Brick replacement/repair
6. Stucco replacement/repair
7. Roofs
8. Door replacement/repair
9. Siding replacement/repair
10. Exterior lighting
11. Labor or design of the qualifying improvements

Ineligible improvements include:

1. Any interior work
2. Landscape improvements, including plants or planters
3. Building improvements not visible from the public street
4. Building additions/new construction
5. Improvements completed or in progress at the time of application
6. Building acquisition
7. Routine maintenance
8. Mechanicals and HVAC systems
9. Trash and mechanical enclosures

Payment of Loan

The applicant must determine if a building permit is required for the proposed work to be done. If a building permit is required, it must be obtained concurrently with application for loan funds. The proposed improvements must be approved by the Design Committee prior to approval of funding and commencement of the project.

The applicant must submit the invoice or bill (or copy) for the improvement to the Community Development Director. The City will process a check for one-half of the amount of the bill up to \$1,500. The check will be forwarded directly to the company or the vendor of the product. Under no circumstances will the applicant be directly reimbursed for work done, nor will work completed prior to approval of the application be allowed to qualify for the loan funds, unless approved by the EDA with reasonable justification by the applicant as deemed necessary by the Commission.

Repayment of Loan

The amount of the loan (without interest) will be due and payable to the Belle Plaine EDA one (1) year following the distribution of loan funds. If, however, the business to which the loan was granted remains in business in the improved building one (1) year following the distribution of loan funds or the applicant transfers ownership to another entity that maintains the business in the improved building for at least one (1) year following the distribution of loan funds, the loan shall be forgiven by the Belle Plaine EDA.

Conflict of Interest

The applicant shall submit the name(s) or the owner(s), shareholder(s), partner(s), sole proprietor, corporation member(s), or other person(s) or business(es) with any financial interest in the project and its financing in order to preclude any conflict of interest in the loan review and approval process.

Right to Deny

The BPEDA has the right to deny any application based on their discretion.