

Charlotte Downtown Development Authority Revolving Loan Program Proposal #1

Introduction. The Charlotte City Council with input from Charlotte Downtown Development Authority (DDA) believes that a thriving downtown is key to the city and established the loan program to promote upgrades to downtown business. The loan program is available to legal entities (for-profits businesses, individual land owners, and other corporations) that have or looking to purchase property in the DDA and to be used for the purposes detailed below. The program uses money from the Owens Brockway law settlement.

The structure is a loan so that funds will be available for the indefinite future. The design as a loans is a strategic policy that extends the programs life and gives Charlotte a unique economic development tool.

Loan Program Guidelines.

The activities listed below are all eligible uses of the loan funds established by Council and can only be used by business within the DDA district. These standards outline which activities and applications have the greatest priority and should receive first consideration for use of funds in this particular fiscal year. The program areas are listed in priority order:

- 1) Retail remodel and façade improvement.
- 2) Utilities efficiency upgrade and improvement.
- 3) Non-routine maintenance.
- 4) Down-payment Assistance for Acquisition of Property

The percent of public funds in any project shall not exceed 30%. The ratio can be increased to 45% if the project involves a buildings anywhere within the DDA with a vacancy of at least 24 months. An entity may only have one loan at a time.

Applications for the current fiscal year will be accepted from July 1st to December 31st. All on-file applications dated from the previous fiscal year shall maintain first position for funding in the current fiscal year. The program funds will be made available on a first submitted/first qualified basis. Applicant inactivity on a loan application for any step in the process that extends beyond a 30-day time period shall cause the next application in line to be considered barring special circumstances.

Criteria for Program Areas: The most fund-worthy projects will be coordinated with other related activities including an assembly of the multiple objectives of this program. The general guideline is project importance will be measured by the extent to which the project would provide a permanent, continuing and/or residual benefit to the community.

All loans may be subordinated to the private sources of funds that are to be secured. Applicants must pass ordinary credit criteria applied by local lenders. The specific criteria for each loan program area are as follows:

I. REMODELING and FACADE IMPROVEMENT LOANS

A building owner may be eligible for this loan for projects that upgrade a building condition that will modernize the structure or reverse a deteriorating condition. Examples include sign repair, partitions, alcoves, doors, and painting.

The maximum loan amount shall be 20,000. The minimum loan amount is \$10,000. Loan terms shall be at a fixed rate of 6% interest rate. Rate will be 5% for buildings vacant for 24 months or more.

II. UTILITIES EFFICIENCY LOAN

A building owner may be eligible for this loan for projects that upgrades a buildings current water, energy and HVAC systems to the standards stated below.

The maximum loan amount shall be 40,000. The minimum loan amount is \$10,000. Loan terms shall be at a fixed rate of 5% interest rate. The rate will be reduced to 4% if the project involves a buildings in the district with a vacancy greater than 24 months.

Efficiency Standards:

III. Non-Routine Maintenance

A building owner may be eligible for this loan if the projects involves maintenance and upgrades that would be deemed extreme or non-routine. Roof repair, extreme weather damage, fire damage, mold or asbestos removal etc.

The maximum loan amount shall be 30,000. Loan terms shall be at a fixed rate of 5% interest rate.

IV. ACQUISITION OF PROPERTY

This loan can be used to cover the down payment on the acquisitions of property in the DDA that has been vacant for 24 months or more. The interest rate will be one point below the loan or mortgage the down payment is being used in conjunction with.

Criteria for Project Selection. The City Council of the City of Charlotte is ultimately responsible for the disposition of the funds; however, the fund guidelines and recommendations from the DDA will be taken into consideration on each application. The city council is responsible for the adoption of this program manual. The city council has given authority to the DDA to review each applications and send those their feel have merit onto the council for final approval.

The community development department shall act as the intake office for project proposals and manage the loan program. Each year, prior to the adoption of the program manual, the city council shall receive a report on the loan program with details of project character, extent and payment performance of the loans (if available).

Loan Proceeds and Administrative Fees. With exception to administrative fees, all loan proceeds shall be reapplied back to the fund for use in future projects that comply with this program manual.