

Community Development

4/20/2010

Small Cities Development Program (SCDP): PROJECT UPDATE

History

- The City proposed rehabilitating 20 owner-occupied houses and 17 commercial buildings.
- The final grant award was for 10 commercial properties in the amount of \$192,000.

Future

The building inspection and review that was performed throughout this process, has brought to light the serious condition of our downtown buildings and the urgent need to stabilize our tax base.

Funding Summary

192,000 Total Grant Award

22,200 Grant portion for administration - Paid to DSI for Administration

169,800 Available for Commercial Rehab

40,850 In order for the City to receive the \$192,000 grant, the City was required to provide \$40,850 in the form of **3% Loan** Funds for the projects.

The EDA borrowed \$40,850 from Fairway View to provide the Loan match. The \$40,850 will be paid back by the projects through the loan process with the principal of \$40,850 used to pay back the Fairway View loan and the interest earned going back into the SCDP Revolving Loan account.

*** Building owner must match with a minimum of 18% of investment into their projects.

4,400 Additional Administration dollars needed. (EDA approved 4/7/10) The contract for DSI was for the 10 projects; however, recently three projects have been removed. There are two more applicants that had applied and are anxious to utilize this funding opportunity. The two new projects will be requesting the balance remaining in the program. ***This is an eligible RLF expense and could be charged to the RLF with payback to the EDA as payments are received.***

What did this Program do for our City?

Example of a Project that Maximized their Benefit

60,903.00 Total Project

45.00 Filing Fee

60,948.00 Total Project

20,000 33% or 20K max (20,112.84) is a 1% Loan from Grant Funds

20,000 33% or 20K max (20,112.84) is the grant to building owner

8,000 16% or 8K max (9,751.68) is the 3% Loan from the EDA

12,948.00 18% minimum owner investment either via cash or personal loan

Benefits:

1. The EDA will receive the 33% loan payments (principal & interest) back into a RLF account which can now be used to re-lend to Ortonville businesses.
2. The building owner receives low interest loans (1% & 3%) for their rehab project
3. The building owner receives 33% of their project or max of \$20,000 as a grant (deferred loan)
4. The EDA will receive the 3% interest from the EDA loan portion to re-lend—with the principal going back into Fairway View.