Tioga County Industrial Development Agency

Community Revitalization Loan Program

Guidelines

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Section 1: Purpose and Program Description

Purpose

There is substantial demand for downtown and neighborhood commercial center revitalization initiatives throughout Tioga County that would help meet the growing demand for urban apartments and commercial development, while stimulating the local economy. There are many municipalities, community and economic development organizations, and developers prepared to move forward with significant financial investment if they can secure the needed gap financing that allows many projects to become reality.

The Tioga County Industrial Development Agency (TCIDA) Community Revitalization Loan Program will fund projects that utilize a collaborative approach to provide improved and diverse downtowns, mixed use options, and commercial and retail opportunities linked to discrete neighborhood centers.

Goal

The goal is to use both state and federal public investments as “gap financing” for specific downtown and community neighborhood commercial center revitalization projects that have a financing strategy and can demonstrate the greatest potential to leverage public funds and non-profit resources, attract and sustain both short-term and long-term private capital, and catalyze further development.

Program Description

The Community Revitalization Loan Program will provide “gap-financing” for redevelopment of key commercial buildings, infill on new buildings, projects that enhance quality of life, and development of Tioga County’s downtowns, rural population and neighborhood commercial centers. TCIDA may consider projects located outside traditional downtown commercial corridors based on the overall scope, merit, and potential economic and community impact of the proposed project.

Funding will be in the form of low-interest loans. Each applicant for a loan will be evaluated on a case-by-case basis to assess the request for loan funding. Careful and individual consideration will be given to each application, and the final funding award will be based on project feasibility, measurable impact, project readiness, and leveraging of funds.

Leveraging Resources and Economic Impact

<u>Leveraging Resources</u>

- The Maximum project award is $250,000 or 50% of the total project cost, whichever is less.

- All projects require no less than fifty percent of the award amount in matching contributions.
- Owner equity must be at least ten percent of the total project cost.
- The fixed interest rate on a loan will be 75% of the Prime lending rate at the time of TCIDA Commitment.
- Term of loan – Maximum of 15-year term.

Projects must demonstrate that resources are leveraged. Priority will be given to project that demonstrates the greatest leverage of investment. For example: Local, state and federal funding (NY Main Street, Restore NY, CDBG, NY Forward, DRI, etc.) and private investment.

Municipal projects utilizing the loan as bridge financing for awarded grant funds will be considered to have demonstrated significant leverage, and reimbursement from committed grant sources may satisfy all or a portion of the required matching contribution at the discretion of the TCIDA.

Impact

Projects are expected to demonstrate clear and quantifiable impact such as:

- Creates quality commercial space for business development and entrepreneurship
- Encourages mixed-use development with upper-story residential components
- Enhances the local tax base
- Supports recruitment and retention of a skilled workforce
- Upgrades or replaces infrastructure to meet evolving needs while maintaining downtown and neighborhood character
- Revitalizes underused or deteriorated properties and public assets
- Improves quality of life for residents
- Supports New York State contractor and supplier diversity goals

Section 2: Applicant and Project Eligibility

Applicant Eligibility

Eligible applicants include property owners, real estate developers, municipalities and business owners redeveloping property in downtown areas in town centers, villages, and cities in Tioga County.

Ineligible Project Activities

The following are **not** definable projects and will not be considered for project funding.

- Building and property acquisition is not eligible for an Economic Development Loan but may be part of the total project cost and therefore used as a matching cost.
- Working Capital
- Rehabilitation of municipal buildings and properties for municipal reuse

- Standalone demolition projects

Definable Project

Individual properties may be bundled into a definable “project.” The project may include the rehabilitation, reconstruction and new construction of a building or group of buildings that furthers the goals of revitalizing a downtown or neighborhood commercial center and encourages commercial investment.

The applicant and/or developer entity must demonstrate that it has current or pending ownership of the properties involved in the definable project. If the property is not owned by the applicant or developer entity at the time of application, a copy of a legal binding document in the form of a contract for sale, purchase agreement or option must be included in the application materials. The Community Revitalization Loan Program is not intended to be the primary source of funding for downtown and/or neighborhood commercial center revitalization. Project funding is intended to offset the high redevelopment costs of urban construction or rebuilding of severely impacted commercial/retail properties and to fill funding gaps preventing projects from advancing. Projects will be required to be self-sustained and supported by private sector investment. All projects require no less than ten percent of the total amount in owner equity.

Section 3: Funding Priorities and Structure

Funding Priorities

Strong emphasis will be placed on project feasibility and readiness. This includes demonstrating the following.

- Project Feasibility through a market feasibility, business plan with detailed pro forma, etc.
- Project Readiness through documentation of conformance with local planning and zoning, federal and state permits secured, etc.
- Project financing has been secured, with letters of commitment to financing.
- Project is ready to start within 3 months of award.

Funding Structure

All projects require no less than fifty percent of the project amount in matching contributions. Owner equity must be at least ten percent of the total project cost. The matching contribution must be in the form of cash, equity in property involved in the project, and other sources of funding from federal, state (other than Economic Development Loan Program funds) and local government sources, and funds from private contributions. Match amounts must be “firmly committed” and will support the proposed project. “Firmly Committed” means there must be a signed, written agreement with terms and conditions from each funding source. If the cash match includes bank financing, then original signature written commitments from all financing institutions must be included in the application packet. ***A letter of interest does not constitute a firm commitment to financing or property acquisition.*** The written commitment may be contingent upon an applicant receiving the Community Revitalization Loan award.

A personal guarantee by each proprietor, partner or stockholder with 20% or more ownership of the business is required. Both a Personal History Statement and a Personal Financial Statement must be completed and submitted at the time of application by each person as it applies. Each personal financial statement must be made within 90 days. The funding award will be in the form of a low-interest loan, with the interest rate being set by TCIDA and will be fixed.

Within ten (10) calendar days of a project award notification, TCIDA will inform the applicant/developer entity in writing of the terms and conditions of the loan. The developer entity will have fifteen (15) calendar days to inform TCIDA that it declines the award or is prepared to move forward with the project. TCIDA will then contact the developer entity to secure any additional information required to prepare the loan documents.

Funds will be made available from TCIDA upon successful completion of the project. The developer must provide invoices and proof of payment for eligible expenses incurred during the project. Expenses must equal or be greater than the approved project budget. Funds will be distributed to the developer entity upon approval of TCIDA.

TCIDA reserves the right to modify the above conditions.

Eligible Project Costs

The following costs are eligible:

- Demolition: only if demolition is a component of construction or rehabilitation
- New construction
- Building rehabilitation
- Infrastructure and site preparation needs related to the project including, but not limited to excavation, grading, environmental clean-up, water, sewer, sidewalks and parking
- Reasonable soft costs related to the project including professional service/consultant, engineering, inspections, fees, insurance, environmental assessment, legal costs and closing costs

Ineligible Costs for Reimbursement

The following costs are not eligible under the loan program but may be considered in the total project cost. If land or building costs are included as equity, the current assessed value must be stated in the application form.

- Property acquisition
- Building acquisition
- Expenditures incurred prior to the application due date
- Physical work on a project prior to completion of appropriate SEQRA review.
- Expenditures incurred prior to the application due date are not eligible for reimbursement by Community Revitalization Re-Investment Funds

SECTION 4. Evaluation Criteria

The TCIDA will evaluate and rank applications using the following criteria.

Points	Criteria
Up to 30	Leverage other from Local, Private, State and Federal sources
Up to 25	Program Goals and Impact
Up to 35	Project Readiness/Feasibility
Up to 10	Revitalizes underused or deteriorated properties and public assets

Section 5: Application and Approval Process

Applicant Process

Applications will be submitted to the TCIDA and reviewed for completeness, applicant and funding eligibility, qualifications and credit worthiness of the development team, project and financial feasibility, owner equity and commitments for matching funds. All inquiries and questions should be directed to the TCIDA at (607) 687-8255.

Application and Supporting Documentation

The Loan Applicant is responsible for the submission of a complete loan package to include a completed Loan Application, along with all information and materials requested. **Incomplete applications will not be considered.** The TCIDA, at its sole discretion, reserves the right to accept minor amendments and additions to this application. Additional information may be requested by the TCIDA Loan Committee (TCIDA Loan Committee) if it is deemed necessary to assist the Committee in its review of the loan request.

The application and supporting documentation should be submitted to the TCIDA (TCIDA). All information will be held in strict confidence and shall not be available for access by the public. This information, however, will be used by the TCIDA Loan Committee, TCIDA Board of Directors and staff in review of the loan request.

For loans to corporations or partnerships, the TCIDA Loan Committee may require the personal guarantee of all owners of at least 20% of the voting stock or partnership interest of the company. The personal guarantee of other shareholders, officers, principals, or partners may also be required at the discretion of the TCIDA Loan Committee and TCIDA Board of Directors.

Applicants will be accepted on a rolling basis. Project consideration will be based on the availability of program funds.

Completed application packets should be submitted electronically to: TCIDA@tiogacountyny.gov
Applicants may submit a hard copy of the application and all documents to: **Tioga County Industrial Development Agency**, **56 Main Street, Owego, NY 13827.**

A non-refundable check payable to Tioga County Industrial Development Agency must be included with the application in the amount of $400.00.

TCIDA Loan Committee

The TCIDA Loan Committee shall conduct a review of the applicant's request for loan funds with the assistance of the materials requested in the Loan Application. Based on this review, the TCIDA Loan Committee shall ascertain the feasibility of the project and creditworthiness of the proposal and applicant. The TCIDA Loan Committee's duties shall include, but are not limited to, the following:

Conduct a credit analysis which may include:

- Review of the history of the business and its principles
- Review of the financial statements provided
- Review of business plan
- Review of personal financial statements
- Review of 3 years personal tax returns

Conduct a collateral analysis to protect TCIDA's interests and to ensure a properly secured loan, which may include:

- A determination of what collateral shall be required
- Review of the collateral used on previous loans and other liens and liabilities

Conduct a cash flow analysis, which may include:

- A review of a three-year pro-forma statement describing the condition of the business in the future
- Review of other factors which may affect the future conditions of the business.

Conduct an impact analysis to determine the extent to which the proposed loan request project meets the goals and objectives of the program outlined in Section 4, Evaluation Criteria. The impact analysis shall include:

- A determination of the level of private monetary commitment to the project
- A determination of the growth potential of the project in terms of future employment
- A determination of the type of services or business the project will provide the community
- A determination of the feasibility of the project and the borrower's ability to repay the loan in a timely manner
- A determination of the project's compatibility with the community's comprehensive plan

Commitment Fees

All third-party closing costs are the responsibility of the Borrower. Closing fees may include but are not limited to, attorney fees, abstract fees, mortgage tax, recording and filing fees and costs associated with securing real estate as loan collateral. In addition, the Borrower is required to pay a commitment fee to the TCIDA at the time of the loan closing in the amount of one (1%) percent of the total loan amount, and any required inspection fees during construction. A third-party project manager will be required to inspect the project status throughout the duration of the project. The borrower will be responsible for project manager fees.

Section 6: Definitions

NEIGHBORHOOD COMMERCIAL CENTER shall mean a cluster of small commercial and mixed-use buildings in a distinct neighborhood district.

HISTORIC AND/OR CULTURAL PLACE OR PROPERTY shall mean any building, structure, district, area, site or object, including an underground and underwater site, which is of significance in the history, architecture, archeology or culture of the state, community or nation.

MATCH shall mean cash, the assessed value of property(s) involved in the defined project and other sources of funding from federal, state, and local government sources, and funds from private contributions. Match amounts must be "firmly committed" and will support the proposed project. "Firmly Committed" shall mean there must be a signed, written agreement with terms and conditions from each funding source. If the cash match includes bank financing, then the written commitment from all financing institutions must be included. A letter of interest does not constitute a firm commitment. The written agreement may be contingent upon applicants receiving a Community Revitalization Loan award.

MUNICIPALITY shall mean a municipal subdivision that is a city, town, or village.

PROJECT shall mean the demolition, rehabilitation, reconstruction and new construction of a building or group of buildings that furthers the goal of revitalizing an urban downtown center or neighborhood commercial center and encourages commercial investment. They constitute a coherent and cohesive project, a group of properties shall be selected because their reconstruction, rehabilitation or demolition are inter-related and will collectively advance downtown revitalization strategy.

PROJECT TYPE shall mean the following:

- **DEMOLITION** shall mean completely tearing down or razing a building.
- **REHABILITATION** shall mean structural repairs, mechanical systems repair or replacement, emergency repairs, energy efficiency upgrades, accessibility improvements, mitigation of lead-based hazards, and other repairs that result in a significant improvement to the property, provided however, that to the extent possible, such rehabilitation shall be

architecturally consistent with nearby and adjacent properties, or done in the manner consistent with a local revitalization or urban development plan.

- **RECONSTRUCTION** shall mean the construction of a new building, which is similar in architectural style, size and purpose to a previously existing building at such location, provided however, that to the extent possible that such reconstruction is architecturally consistent with nearby and adjacent properties, or in a manner consistent with a local revitalization or urban development plan.

SITE CONTROL shall mean (i) ownership by the applicant or (ii) written consent from the ownership entity and, if different, the entity that has legal control of the site consenting to the application for Community Revitalization Loan Program funding and, if awarded, agreeing to use Community Revitalization Loan Program Funds as outlined in the application. If the property is not owned by the applicant or developer entity at the time of application, the applicant must have legal binding document in the form of a contract for sale or option.

SOFT COSTS shall mean reasonable costs related to those items in a project that are necessary to prepare and complete the non-construction needs of the project. Soft costs include such items as architecture, design, engineering, permits, inspections, consultants, environmental studies, and regulatory demands needing approval before construction begins. Soft costs do not include construction, telecommunications, furnishings, fixed equipment, and expenditures for any other permanent components of the project.

Section 7: Terms and Conditions

Applicants will be required to disclose proposed tax abatements to be applied to the proposed project.

TCIDA reserves the right to offer project awards to sponsors in different amounts under different terms than requested. TCIDA reserves the right to review and reconsider project and property selections in the event of material changes in the project plans or circumstances.

It is expected the project will proceed in the time frame set forth by the applicant. If the implementation of a project fails to proceed as planned and is delayed for a significant period and there is, in the exclusive judgment of TCIDA, doubt as to its viability, TCIDA reserves the right to cancel its funding commitment to such project.

Section 8: Compliance with Other Applicable Laws

All procurement and product development activity associated with the Community Revitalization Loan Program must be in conformance with applicable Federal, State and local laws.

Section 9: Interest Rate Review and Adjustment Policy

The TCIDA Board of Directors shall periodically review the interest rates established within these loan program guidelines. TCIDA will evaluate whether the current interest rates remain appropriate, competitive, and attractive for new loan originations.

This evaluation will be based on prevailing market conditions, federal benchmark rates, regional economic data, fund availability, and any other relevant financial factors. TCIDA retains sole and absolute discretion to adjust the interest rate for new loans as needed to align with the strategic objectives of the agency and the economic goals of the community. All rate adjustments shall apply only to new loan applications approved after the effective date of TCIDA's action.

Section 10: Municipal Projects

TCIDA may consider applications from municipalities for quality-of-life and community improvement projects that are supported by secured state or federal grant funding. Eligible projects may include, but are not limited to, playgrounds, parks, trails, public recreation facilities, streetscape improvements, and similar public infrastructure.

For these projects, TCIDA may provide interim or bridge financing to assist with project cash flow pending reimbursement from an awarded grant or other committed funding source. The amount, term, collateral, and other loan conditions will be determined by the TCIDA based on the financial strength of the project, the reimbursement schedule, and the availability of grant proceeds.

TCIDA reserves the right to modify or waive standard matching contribution, owner equity, leverage, and loan term requirements for municipal quality-of-life projects when such modifications further the public purpose of the program and adequate security for repayment is demonstrated.