



City of Faribault

## 2018 DOWNTOWN COMMERCIAL REHABILITATION & EXTERIOR IMPROVEMENT PROGRAM

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### PROGRAM DESCRIPTION

The City of Faribault is proud of its historic downtown – and the community identified downtown as a priority through the Vision 2040 efforts. To encourage property owners to invest in buildings and to help preserve and enhance economic activity in the downtown, the City of Faribault has created the DOWNTOWN COMMERCIAL REHABILITATION & EXTERIOR IMPROVEMENT PROGRAM. This program, funded through revolved Small Cities Development Program funds, will provide assistance in the form of deferred loans to eligible applicants for the rehabilitation of commercial properties in and adjacent to the downtown Central Business District (as shown on the attached map) – *to help maintain a vibrant downtown that provides a sense of place for our community for years to come.*

For the 2018 program, a total of \$200,000 will be made available on a first-come first-served basis.

*\$300,000 was approved for program in October 2016 – and has been awarded.*

*An additional \$200,000 approved in November 2017.*

### HOW IT WORKS

The Downtown Commercial Rehabilitation & Exterior Improvement Program is a forgivable loan program. Eligible property owners must apply and be approved for the program **prior** to beginning any work. Loans are awarded depending on eligibility, availability, and completeness of application. Only one project (building/PID) per owner at a time.

Once submitted projects are approved; the applicant pays 25-percent of project costs\* and the City of Faribault agrees to reimburse up to 75-percent of project costs.

- For eligible permanent exterior improvements: up to 75-percent of project costs \$15,000 maximum award per approved project (with a maximum of 4 EDA-approved projects per PID#), **or**
- For eligible permanent interior building improvements: up to 75-percent of project costs with a maximum award of \$15,000 per PID.

The applicant has one (1) year from the award date of the loan award to complete the project and request payment of loan funds. All loan funds will be paid directly to the award recipient (*not* the supplier/contractor) upon receipt of paid invoices for the project and proof of payment at the end of the project – or based on a pre-determined disbursement plan.

*\* Please note: because this is a “match” program; owner equity must be the first money in, followed by the City’s funds.*

### LOAN FORGIVENESS

Loans are considered deferred – which means that over time the loans will be forgiven based on the applicant successfully completing the rehabilitation or façade project and maintaining ownership of the building for a minimum of five (5) years. If the building is sold within this time period – the loan must be repaid in its entirety.

## **PROGRAM ELIGIBILITY**

This program is intended to help maintain a vibrant downtown that provides a sense of place for our community for years to come. This includes a focus to enhance and preserve Faribault's historic buildings of the downtown business district and adjacent commercial properties.

### ELIGIBLE APPLICANTS/RECIPIENTS\*

1. Must own the commercial property to be improved;
2. Must have the ability to provide a 25-percent cash investment in the project;
3. Must be current with mortgage, real estate taxes, and insurance payments;
4. Applicants/recipients can only receive funding for one project at a time. Successful completion of a project, and subject to funding availability – recipients can then apply for funding for a new project.

*\*Please Note: Any person who has defaulted on a publically funded program or is delinquent on loan payments for a publically funded program within the last two years is ineligible to receive funding.*

### ELIGIBLE PROPERTIES\*

1. Property must be located in the designated target area as shown on the attached map (Central Business District and commercial property immediately adjacent to the Central Business District);
2. Property must be free of exiting judgements, foreclosure actions, or delinquency of payments;
3. Property must require improvements that will meet the federal objectives – such as eliminating slum and blight, energy efficiency, and/or code compliance.

*\*Please Note: Any properties that have received and not corrected the AFFIDAVIT CONCERNING REAL PROPERTY is ineligible to receive funding.*

### ELIGIBLE IMPROVEMENTS\*

1. Permanent exterior improvements of the building to correct building code violations, including but not limited to: repair or replacement of door, window, roof; tuck-pointing, and painting.
2. Permanent façade improvements including but not limited to: removal of aluminum or other metal awnings, frames, or siding; awning repair or replacement; pressure washing, paint removal, and painting; tuckpointing; and cornice restoration.
3. Permanent interior building improvements related to: correction of electrical or plumbing violations, installation of centralized HVAC systems (to eliminate window air conditioning units), smoke detection system, sprinkler systems, and/or elevators.

*\*Please Note:*

*a) All projects located within the Historic Preservation District are required to obtain a Certificate of Appropriateness for any exterior work – prior to being awarded funds.*

*b) All projects must be inspected; unless it is noted otherwise – prior to being awarded funds.*

## **INELIGIBLE IMPROVEMENTS**

Ineligible improvements include but are not limited to:

- Improvements made prior to the award of the funds and the execution of required loan documents;
- Financing or paying off an existing debt or the payment of assessment for public improvements;
- Non-permanent improvements; lease-hold improvements;
- Interior improvements other than those noted above; and
- Exterior improvements not approved by the Heritage Preservation Commission (HPC).

## HOW TO APPLY

All eligible property owners within the Central Business District, and commercial property owners immediately adjacent to the Central Business District are encouraged to apply. There is no application deadline; however, funds are limited and will be awarded to qualified applicants on a first-come, first-served basis – and there can only be one project (building/PID) per owner at a time.

The City of Faribault’s Community and Economic Development Department staff will be responsible for administering all aspects of the DOWNTOWN COMMERCIAL REHABILITATION AND EXTERIOR IMPROVEMENT PROGRAM – including marketing, application intake and review, loan processing, and program compliance. Final decisions on all program awards will be made by the City of Faribault Economic Development Authority (EDA).

### 1. APPLICATION SUBMISSION

Applications will be processed on a first-come first-served basis, with no set application deadline date. Completed applications with application fee of \$150.00 per commercial address should be submitted to:

City of Faribault - Community & Economic Development Department  
Attn: Economic Development  
208 NW 1<sup>st</sup> Avenue  
Faribault, MN 55021

### 2. PROCESSING AND REVIEW OF APPLICATION

Using the criteria outlined in the program guidelines, Staff will determine project eligibility and completeness of application. Once determined eligible, an inspection of the property will be conducted to determine that the proposed improvements are necessary for the building to conform to current building code and property maintenance ordinances.

- If a project application is determined to be eligible, the final project information and deferred loan request will be forwarded to the EDA for consideration at their regularly scheduled meetings.
- If a project application is determined not to be eligible, the applicant will be notified including the reasons as to why the application is not being forwarded to the EDA for review.

The project request is submitted to the EDA for consideration at their regularly scheduled meetings. Any recommendations, contingencies, and/or approval will be determined at that time. The EDA has the discretion to approve requested amount, modify loan amount, or deny the application:

- Loan recipients are required to seek at least two bids for all projects. The award calculations will be based on the lowest bid.
- For eligible permanent exterior improvements: up to 75-percent of project costs, \$15,000 maximum award per approved project (with a maximum of 4 EDA-approved projects per PID#), or
- For eligible permanent interior building improvements: up to 75-percent of project costs with a maximum award of \$15,000 per PID.

The applicant will be notified by Staff as to the status of their application via email following the EDA meeting.

3. CONTRACTING PROCEDURES AND REQUIREMENTS

All applicants awarded funds will be required to execute loan documents including a Promissory Note and Repayment Agreement. Please note: No work may begin on the project until award approval is received and all required loan documents have been executed.

No changes to the scope of the project will be allowed without the execution of a “Change Order” approved by the owner, contractor, and Community & Economic Development Staff. Furthermore – additional HPC review and approval may also be required.

Work must be completed within one-year from the date of the program award. Exceptions may be made for weather-related delays, changes in contractors for non-performance, or other natural disasters.

4. LOAN DISBURSEMENT

The award is a deferred loan and will be forgiven after the five (5) year compliance term.

Program awards will be secured with an executed Repayment Agreement and Promissory Note.

Payments to the awardee will be made only after the work is completed and receipts have been submitted.

**Maximum Award Amount:**

*For approved exterior improvements, up to \$15,000 per approved project with a maximum of 4 EDA-approved projects per PID#, or*

*For approved interior building improvements, up to \$15,000 per PID.*

**When requesting for disbursement:**

- Applicant must submit proof of work completed in order to be reimbursed. This proof must include date, description of work & materials, amount paid, payee and payer. A Lien Waiver is preferred, but, a paid invoice with date of payment, description of work, contractor name with a cancelled check is acceptable.
- Applicable projects must have an approved inspection of work completed before receiving disbursement. Please contact the Inspection Department at 507-333-0357 to make an appointment.

<b>REIMBURSEMENT DISBURSEMENT SCHEDULE FOR PROGRAM AWARD*</b>	
Provide receipts for 1 <sup>st</sup> 25% of project	Paid for with Owner Equity
Provide receipts for 2 <sup>nd</sup> 25% of project	City makes 1 <sup>st</sup> payment to awardee (25% of total project cost not to exceed a \$5,000 payment per \$15,000 award)
Provide receipts for 3 <sup>rd</sup> 25% of project	City makes 2nd payment to awardee (25% of total project cost not to exceed a \$5,000 payment per \$15,000 award)
Provide receipts for last 25% of project	City makes 3rd payment to awardee (25% of total project cost not to exceed a \$5,000 payment per \$15,000 award)
<p><i>*a) Funds will be disbursed on a reimbursement basis – based on submitted receipts.</i></p> <p><i>b) Owners’ equity must be the first funds used (a minimum of 25% of the total project cost) before EDA can release funds.</i></p> <p><i>c) EDA awarded funds will be disbursed incrementally or in one-lump sum payment upon completion of project.</i></p>	

5. **Loan Repayment**

Deferred loans will be immediately due and payable in the event that the applicant sells or otherwise transfers all of his/her/their ownership interest in the property within five (5) years of the date of the Agreement.

## 2018 DOWNTOWN COMMERCIAL REHABILITATION & EXTERIOR PROGRAM – APPLICATION

Prior to submitting an application – Applicants are encouraged to meet with Community & Economic Development Department Staff to review the program requirements and proposed project.

Please contact the Economic Department Staff at: 507.334.0100 or at [communitydev@ci.faribault.mn.us](mailto:communitydev@ci.faribault.mn.us)

### PROGRAM APPLICATION

Applications must be submitted by the property owner(s) of the building. Please print clearly.

Applicant Contact Information			
Name(s) of Property Owner:			
Telephone Number:			
Email Address:			
Mailing Address:			
	City:	State:	Zip Code:

Property Information	
<i>The DOWNTOWN COMMERCIAL REHABILITATION &amp; EXTERIOR IMPROVEMENT PROGRAM is open to all commercial properties within the Central Business District (CBD), and commercial properties immediately adjacent to CBD, as shown on attached map.</i>	
Address(es) of Building in program	
Parcel ID #:	
Business/Occupant(s)	
Has this property previously received public financing? (if yes, please explain)	NO YES: _____
Has the applicant defaulted on any public financing in the last two years? (if yes, please explain)	NO YES: _____ _____
Are there any liens, judgements, foreclosure actions, or delinquency of payments on the property? (if yes, please explain)	NO YES: _____ _____
Are all mortgage, real estate taxes, and insurance payments current?	NO    YES

Project Information	
Description of proposed improvements / project:	
Estimated Total Cost of proposed Rehabilitation and/or façade improvements: <i>(Submit two estimates. Total cost based on lowest of the two estimates)</i>	
Requested Loan Amount: (up to 75% of project cost or \$15,000 minimum per PID)	

**ELIGIBLE IMPROVEMENTS\***

1. Permanent exterior improvements of the building to correct building code violations, including but not limited to: repair or replacement of door, window, roof; tuck-pointing, and painting.
2. Permanent façade improvements including but not limited to: removal of aluminum or other metal awnings, frames, or siding; awning repair or replacement; pressure washing, paint removal, and painting; tuckpointing; and cornice restoration.
3. Permanent interior building improvements related to: correction of electrical or plumbing violations, installation of centralized HVAC systems (to eliminate window air conditioning units), smoke detection system, sprinkler systems, and/or elevators.

*\*Please Note:*

- a) *All projects located within the Historic Preservation District are required to obtain a Certificate of Appropriateness for any exterior work – prior to being awarded funds.*
- b) *All projects must be inspected; unless it is noted otherwise – prior to being awarded funds.*

Required Attachments Submitted	
	Application fee of \$150 per address
	Proof of insurance on the building
	Renderings and/or plan drawings showing proposed improvements
	A minimum of two contractors’ bids or proposals with a breakdown of itemized costs
	If in designated Historic District, a completed request for Design Review, see attached form



**ACKNOWLEDGEMENTS**

<p><b>Please initial each to confirm that you have read and understand the program policy and guidelines.</b></p>	
	<p>I/We understand that awards are based on eligibility, availability, and completeness of application.</p>
	<p>I/We understand that an I/We can only receive one award at a time (only one project – building/PID – at a time).</p>
	<p>I/We understand that I/We have one year from the date of the loan award to complete the project and request payment of loan funds.</p>
	<p>I/We understand that the loan award funds will be dispersed upon receipt of paid invoices for the project and proof of payment at the end of the project.</p>
	<p>I/We are the owner of the commercial property to be improved.</p>
	<p>I/We are current with mortgage, real estate taxes, and insurance payments.</p>
	<p>I/We understand that if we have defaulted on a publically funded program or have been delinquent on loan payments for a publically funded program within the last 2 years, I/We are not eligible for this program.</p>
	<p>I/We understand that the building must be free of all lien and judgements.</p>
	<p>I/We understand that if the building is located within the HPC district – the project must receive approval by the Historic Preservation Commission prior to the start of work.</p>
	<p>I/We understand that an inspection of the property will be conducted to determine that the proposed improvements are necessary for the building to conform to current code and property maintenance ordinances.</p>
	<p>I/We understand will be required to sign loan documents upon award, including a Promissory Note and Repayment Agreement.</p>
	<p>I/We understand that the loan will be forgiven if I/We maintain ownership of the building for 5 years.</p>
	<p>I/We understand that if I/We sell the building or otherwise transfer all ownership interest within 5 years – the loan must be repaid in its entirety.</p>

\_\_\_\_\_  
Application Signature / Title

\_\_\_\_\_  
Date

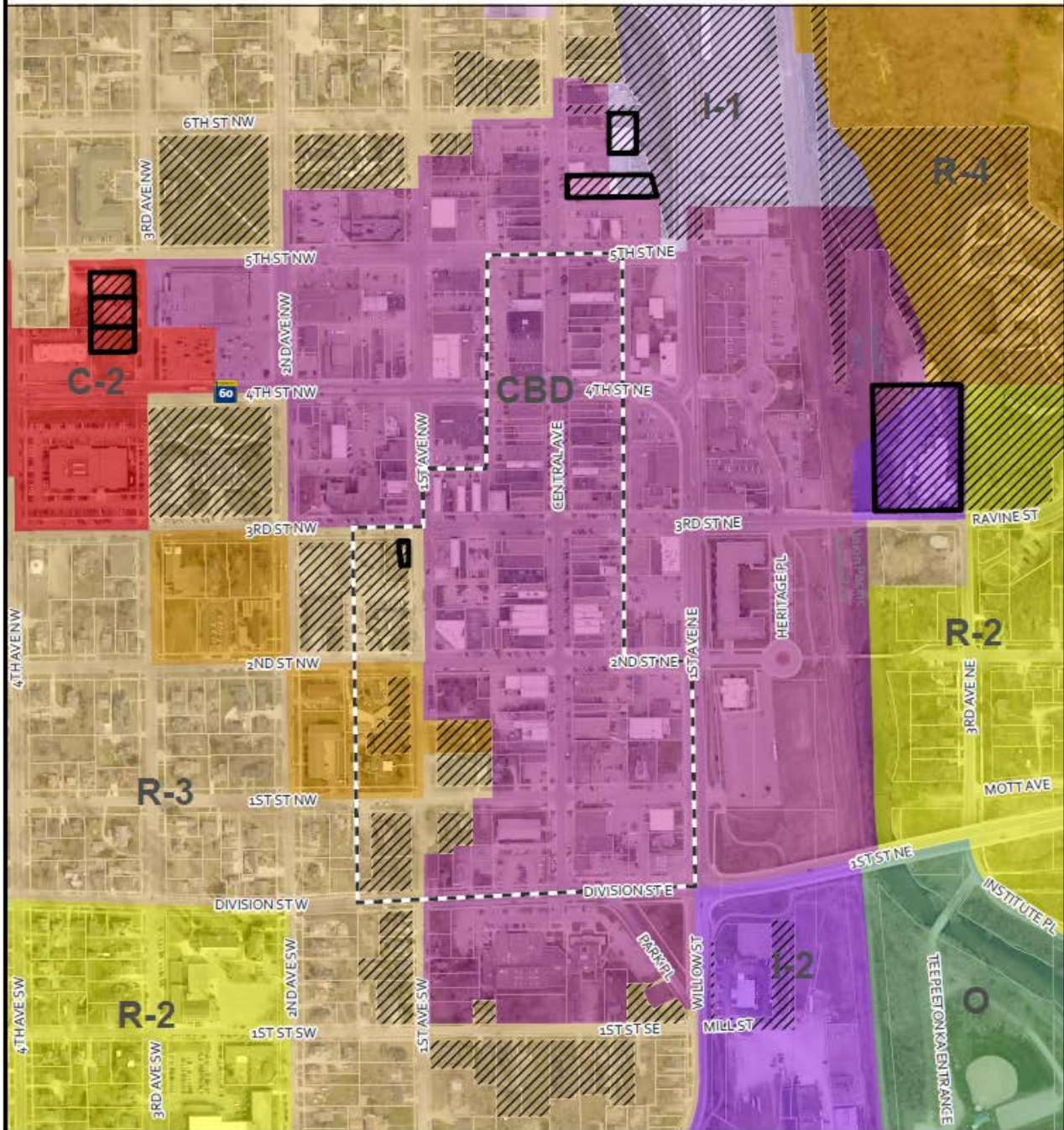
\_\_\_\_\_  
Co-Application Signature / Title

\_\_\_\_\_  
Date



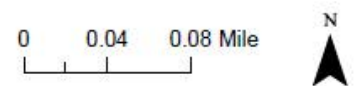
## Downtown Commercial Rehabilitation and Exterior Building Improvement Program

This map is neither a legally recorded map nor a survey. This map is a compilation data affecting the area shown; and is for reference purposes only. In using the map, you assume responsibility for the correctness all information extracted from this map.



-  Border CBD Parcels
-  Border CBD Parcels Commercial
-  Heritage Preservation District
-  Parcel Boundaries

Prepared By: Faribault GIS



## DESIGN REVIEW APPLICATION FORM

**For applicants in the Heritage Preservation District with exterior projects only.**

Site Address: \_\_\_\_\_ PID: \_\_\_\_\_

Owner / Applicant Name: \_\_\_\_\_

Telephone Number: \_\_\_\_\_ Email Address: \_\_\_\_\_

Mailing Address: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

### Type of Work:

- Restoration
- Remodeling
- Site Improvements

### Brief Description of Project:

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### ATTACHMENTS

- Photographs
- Historical Data/Site File Information
- Detailed Drawings
  - Proposed Modifications
  - Site Plan
  - Manufacturers Specifications

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- Material Samples / Color Samples

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**Note:** If this project is submitted as part of the City's SCDP rehabilitation program, it must receive a "no adverse effect" ruling from The State Historic Preservation Office.

**RECEIPT AND WAIVER OF MECHANIC'S LIEN RIGHTS**

Project/Owner(s)

Contractor

Project: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_  
City State Zip Code

\_\_\_\_\_  
City State Zip Code

Owner(s): \_\_\_\_\_

Contractor License: \_\_\_\_\_

Contract Date:     \_\_\_\_ / \_\_\_\_ / \_\_\_\_

\_\_\_\_\_

Date of Payment:     \_\_\_\_ / \_\_\_\_ / \_\_\_\_

The undersigned Contractor hereby acknowledges receipt of the sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) from \_\_\_\_\_ as (check appropriate box below)

- Partial payment for labor, skill, and material furnished
- Payment for all labor, skill, and material furnished or to be furnished (except the sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) retainage or holdback.
- Full and final payment for all labor, skill, and material furnished or to be furnished

for the above-described project at the above-described property. For said value received, the undersigned hereby waives all rights acquired by the undersigned to file or record a mechanic's lien against said property for labor, skill, or material furnished to said real property (only for the amount paid if Box 1 is checked, and except for retainage shown if Box 2 is checked). The undersigned affirms that all material furnished by the undersigned has been paid for, and all subcontractors employed by the undersigned have been paid in full, EXCEPT:

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_

\_\_\_\_\_  
Contractor

By: \_\_\_\_\_

Its: \_\_\_\_\_