



**City of Faribault – Economic Development Authority
2020 Downtown Commercial Rehabilitation & Exterior Improvement Program**

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 Economic Development Authority has created the Downtown Commercial Rehabilitation & Exterior Improvement Program. This program 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 2020 program, \$100,000* is available on a first-come first-serve basis for eligible applicants and eligible projects.

**An additional \$100,000 has been allocated depending upon the success of the 2020 program.*

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 of funds, and completeness of application. Only one project (building/PID) per owner at a time.

Once submitted projects are approved; the applicant pays the equity and public share of the project and the Economic Development Authority (EDA) agrees to reimburse the public share of the project cost.

- For eligible permanent exterior improvements: the following scale applies based on project type – \$15,000 maximum award per approved project; and
- A maximum of two EDA-approved projects per PID (multiple addresses per PID) for exterior projects and one EDA-approved project per PID for interior projects.

Project Type	Owner Equity	EDA Funds Max. \$15,000
Façade Renovation + Public Right-Of-Way Clean-Up (tuckpointing, cornice restoration, paint removal, paint application, large scale façade renovations, clean-up visible from public ROW)	50%	50%
Replacement of Windows and/or Doors	60%	40%
Awning (New, Repair, and/or Replacement)	70%	30%
Interior Improvements (health and safety violations, smoke detection system, sprinkler system, and/or elevators)	80%	20%
Roof Replacement and/or Repair	80%	20%

The applicant has one (1) year from the award date of the loan 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 contractor lien waiver or paid invoices 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 EDA 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 Central Business District and adjacent commercial properties with a specific emphasis on cleaning up the parts of buildings visible from the public ROW (alleys and parking lots).

Eligible Applicants/Recipients*

1. Must own the commercial property to be improved;
2. Must have the ability to provide owner equity 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 available funding – 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 properties immediately adjacent to the Central Business District) and must have been originally constructed prior to 1950;
2. Property must be free of existing judgements, foreclosure actions, or delinquency of payments;
3. Property must require improvements.

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, and roof.
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, painting, tuckpointing, and cornice restoration, trash enclosures and improvements/clean-up visible from public ROW.
3. Permanent interior improvements related to: correction of health and safety violations, 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 otherwise noted – prior to being awarded funds.*

Ineligible Improvements

1. Improvements made prior to the award of funds and the execution of required loan documents;
2. Financing or paying off existing debt or the payment of assessment for public improvements;
3. Non-permanent improvements (lease-hold improvements);
4. Exterior improvements not meeting the guidelines, including: parking lot repairs;
5. Interior improvements other than those noted above; and
6. Exterior improvements not approved by the Heritage Preservation Commission (HPC).

How to Apply

All eligible property owners within the downtown Central Business District, and commercial property owner's 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-serve basis – and there can only be one project (building/PID) per owner at a time.

The City of Faribault's Community & Economic Development Department staff will be responsible for administering all aspects of the Downtown Commercial Rehabilitation & Exterior Improvement Program – including marketing, application intake and review, loan processing, and program compliance.

Final decisions on all program awards will be at the sole discretion of the Economic Development Authority (EDA).

Application Submission

Applications will be processed on a first-come first-serve 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 Coordinator
208 NW 1st Avenue Faribault, MN 55021

Processing and Review of Application

Using the criteria outlined in the program's 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 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 monthly meeting.
- If a project application is determined not to be eligible, the applicant will be notified including reasons as to why the application is not being forwarded to the EDA for consideration.

The project request is submitted to the EDA for considerations at their regularly scheduled monthly meetings. Any recommendations, contingencies, and/or approval is at the sole discretion of the EDA and will be determined at the time of the regularly scheduled monthly meeting. The EDA will either approve requested amount, modify loan amount or deny the request.

- Loan recipients are required to seek at least two bids for all portions of a project. The award calculations will be based on the lowest bid – any contractor may be chosen to complete the work.
- For eligible permanent exterior improvements: the program scale applies up to 50-percent of project costs – \$15,000 maximum award per approved project (maximum of 2 EDA-approved projects per PID – multiple addresses per PID); or
- For eligible permanent interior building improvements: up to 20-percent of project costs - \$15,000 maximum award per PID.

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

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 a 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.

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 or contractor lien waivers have been submitted.

Maximum Award Amount:

For approved exterior improvements, up to \$15,000 per approved project with a maximum of 2 EDA-approved projects per PID (multiple address per PID); or

For approved interior 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 and materials, amount paid, payee and payer. A lien waiver is preferred, but a paid invoice with proof of payment is acceptable.
- Applicable projects must have an approved inspection of work completed before receiving disbursement. Please contact the Building Code Division at 507-333-0357 to make an appointment.

Reimbursement Disbursement Schedule for Program Award*

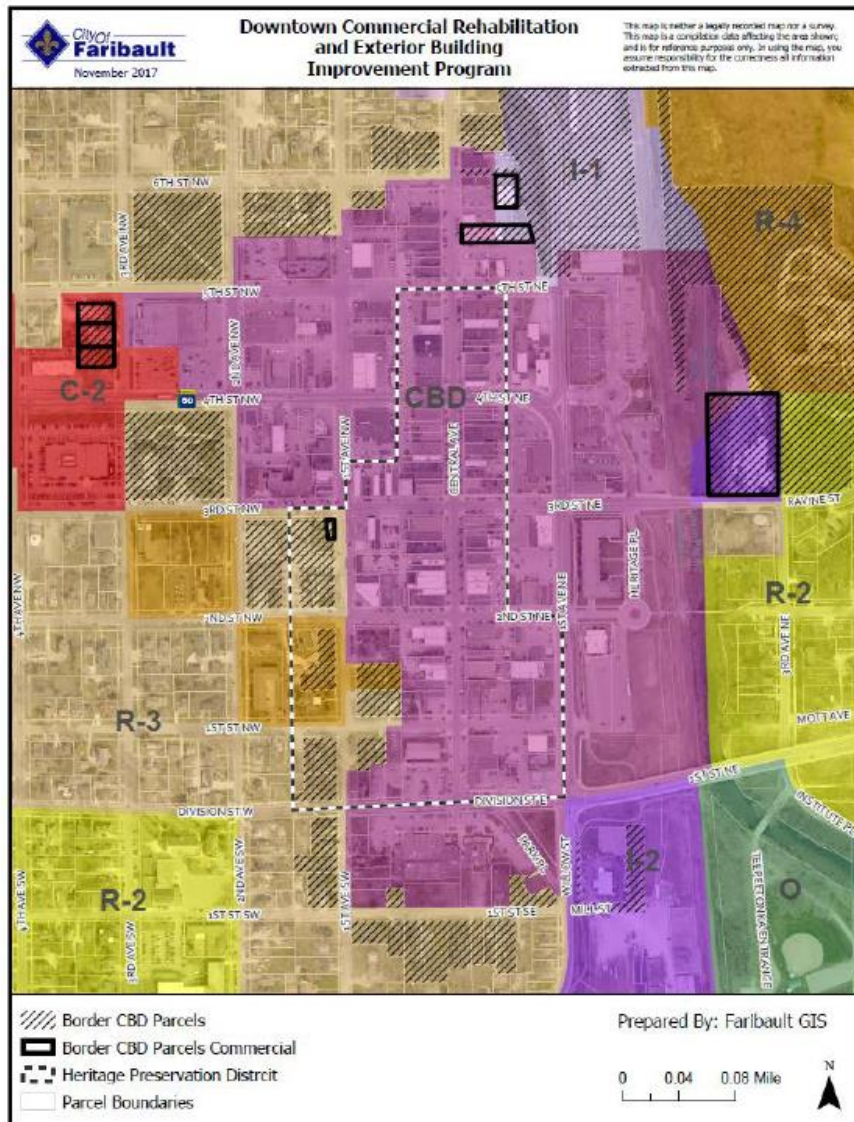
Provide Receipts for Full Project Costs (Equity + EDA Funds)	EDA Funds Paid in Full to Owner
Provide Receipts for Owner Equity + ½ EDA Funds	½ EDA Funds Paid to Owner
Provide Receipts for Owner Equity + Second ½ EDA Funds	Second ½ EDA Funds Paid to Owner

* Please note:

- a) Funds will be disbursed on a reimbursement basis – based on submitted receipts.
- b) Owners' equity must be the first funds used before EDA can release funds.
- c) EDA funds will be disbursed incrementally (½) or in one-lump sum payment upon completion of project.

Loan Repayment

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



2020 Downtown Commercial Rehabilitation & Exterior Improvement Program – Application

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

Please contact Economic Development Coordinator at:
507.333.0388 or smarkman@ci.faribault.mn.us

Application Information

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

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

Property Information		
<i>This Program is open to all commercial properties within the Central Business District and commercial addresses immediately adjacent the District – as shown on the attached map.</i>		
Address(es) of Eligible Property:		
Parcel ID (PID):		
Original Year of Construction:		
Business/Occupant(s):		
Has this property previously received public financing?	Yes	No
Has the applicant defaulted on any public financing in the last two years?	Yes	No
Are there any liens or judgements on the property?	Yes	No
Are the property taxes paid/current?	Yes	No

Project Information

Eligible expenses are limited to:
Permanent exterior improvements
Permanent façade improvements
Permanent interior improvements

Estimated Total Cost of proposed Rehabilitation and/or Façade Improvements:
(based on attached estimates)

Requested Loan Amount:
(based on Program scale)

Description of Proposed Improvements / Project

Justification / Impact of Project within Commercial Business District

Identify how the improvement is going to positively impact the Commercial Business District. Examples: Cleaning up façade disrepair; Preserving the building’s structural integrity; Creating a positive visual impact to the Downtown, Code compliance work.

Data Practices Act

The information that you supply in your application to the City of Faribault/Faribault EDA (“City”) will be used to assess you eligibility for financial assistance. The City will not be able to process your application without this information. The Minnesota Government Data Practices Act (Minnesota Statutes, Chapter 13) governs whether the information that you are providing to the City is public or private. If financial assistance is provided for the project, the information submitted in connection with your application will become public, except for those items protected under Minnesota Statutes, Section 13.59, Subdivision 3(b) or Section 13.591, Subdivision 2.

I/We have read the above statement and agree to supply the information to the City with full knowledge of the matters contained in this notice. **I/We** certify that the information submitted in conjunction with the application is true and accurate.

Property Owner/Applicant

Date

Co-Property Owner/Applicant

Date

City Staff or other authorized representative of the City shall have the right to inspect the property to be improved at any time from the date of application upon giving notice to the owner and to occupants.

I/We certify that all statements on this application are true and correct to the best of my/our knowledge. **I/We** understand that any intentional misstatements will be grounds for disqualification.

I/We have read the City of Faribault’s Downtown Commercial Rehabilitation and Exterior Improvement Program Policy and will abide by the rules and regulations set forth in the policy adopted on May, 21, 2020.

I/We authorize program representatives the right to access the property to be improved for the purposes of the deferred loan program and to take photographs of the structure before and after rehabilitation.

I/We understand that **I/we** are responsible for obtaining appropriate building permits and Certificate of Appropriateness. In the case of improvements that do not require a city-issued building permit, the applicant must submit the name and state license number of the contractor completing the work and agree to an inspection of the work by a city building official.

I/We further understand that **I/we** will make the final selection of the improvements to be made with the loan funds and that the contract for improvements will be solely between me and the contractor(s). The administering agency will not be liable for the inadequate performance of the contractor(s).

Property Owner/Applicant

Date

Co-Property Owner/Applicant

Date

Acknowledgements	
Please initial each to confirm that you have read and understand the program policy and guidelines.	
	I/We understand that awards are based on eligibility, availability, and completeness of application – approval is at the sole discretion of the EDA.
	I/We understand that I/We can only receive one award at a time (only one project – building/PID at a time).
	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.
	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.
	I/We are the owner of the commercial property to be improved.
	I/We are current with mortgage, real estate taxes, and insurance payments.
	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 two years, I/we are not eligible for this program.
	I/We understand that the building must be free of all lien and judgments.
	I/We understand that if the building is located within the HPC district – the project must receive approval by the Heritage Preservation Commission prior to the start of work.
	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.
	I/We understand that I/we will be required to sign loan documents upon award, including a Promissory Note and Repayment Agreement.
	I/We understand that the loan will be forgiven if I/we maintain ownership of the building for five (5) years.
	I/We understand that if I/we sell the building or otherwise transfer all ownership interest within five (5) years – the loan must be repaid in its entirety.

Property Owner/Applicant	Title	Date
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Co-Property Owner/Applicant	Title	Date
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