



## City of Redmond Urban Renewal Agency Property Rehabilitation Loan Program

### **Introduction:**

The Downtown Redmond Urban Renewal Plan authorizes a Property Rehabilitation Loan Program. The intent of the program is to address blight conditions related to poor visual appearance and building vacancy due to inadequate, degraded, or obsolete building systems. These actions will improve the appearance of the Downtown to customers and potential businesses and contribute to the economic vitality of the Downtown by encouraging the continued economic use of older buildings. This loan will provide a maximum of \$100,000, with a 50% owner match requirement. This loan is assigned per property with a 10-year term limit at the wall street journal prime rate.

### **Eligible Projects:**

The Project must address deficiencies in a commercial property within the boundaries of the Downtown Redmond Urban Renewal District. (See attached map.) Multifamily rental residential properties with four or more units are considered commercial for the purposes of this program.

In addition, the eligible projects must address one or more of the following:

- Poor appearance or visible deterioration that discourages investment in surrounding properties; or
- Building vacancy or utilization due to inadequate, degraded, or obsolete building systems.

All Projects are subject to review by the Agency which reserves the right to approve or deny projects based on its determination both of eligibility and as to whether funding a loan is in the best interest of the agency and in the public interest.

### **Eligible Work:**

The program covers a wide variety of activities providing quality exterior improvements or rehabilitation intended to restore facades and exteriors and some types of interior work. The following list is not exhaustive, but covers the majority of types of projects that are eligible.

Examples of Eligible Work:

1. Replacement, repair or alteration of building exteriors (facades) or elements such as doors, windows, porches, balconies, etc.
2. Repair or replacement of awnings, cornices or decorative details.
3. Exterior painting and cleaning (major, not maintenance).
4. Masonry repair or cleaning.
5. Sign repair, replacement, installation or removal.
6. Environmental cleanup (e.g. asbestos removal).



## City of Redmond Urban Renewal Agency Property Rehabilitation Loan Program

7. Seismic retrofit.
8. Sidewalk repair and replacement.
9. The following interior work may be eligible only if done in conjunction with and as an integral part of an overall qualifying project:
  - a. General access to building and elevator repair to access upper floors.
  - b. ADA access projects including ADA restrooms.
  - c. Building system upgrades that increase marketability to tenants and provide energy efficiencies such as HVAC, plumbing, and electrical systems.
  - d. Life Safety systems such as sprinkler systems.
  - e. Major building code compliance.

### **Ineligible Work:**

1. Inappropriate cleaning (i.e. washing, scrubbing, general maintenance, etc.).
2. Property maintenance.
3. Building interiors other than those specifically allowed above.
4. Building acquisition.
5. Refinancing of existing debt.
6. Inventory or other working capital.
7. Administrative costs or payments to borrower.
8. Third party fees such as but not limited to architectural fees, environmental studies, market studies, financing fees, and appraisals.
9. Fees paid to parties with an identify of interest with the applicant including but not limited to developer fees, and contractor overhead and profit paid to a contractor with an identity of interest with the applicant.
10. Any predevelopment costs.

### **Loan Terms:**

- Maximum of amount: Lesser of 50% of eligible project costs or \$100,000.
- Interest rate: Wall Street Journal Prime Rate at time of loan approval. Interest will commence accruing upon initial draw.
- Term: 10-year term.
- Security: Lien on property, adequate equity in property secure loan, and personal guaranty during construction.
- Funding: Loan funded at time that required developer match has been made and required developer funded work is in place.

### **Conditions and Considerations:**

1. All loans of \$50,000 or greater shall be approved by the Redmond Urban Renewal Board, following a recommendation to approve, approve with conditions, or deny by the Downtown Urban Renewal Advisory Committee (DURAC) Review Subcommittee.
2. Loans of less than \$50,000 will be reviewed administratively.



## City of Redmond Urban Renewal Agency Property Rehabilitation Loan Program

3. Whether approved administratively or by the Redmond Urban Renewal Board, loans shall be made at the discretion of Agency who shall be the final arbiter as to whether a project is eligible for funding and as to whether a loan is in the best interest of the Agency and the public.
4. Projects located in the Downtown Design Overlay District must be determined to meet the applicable Architectural Design Standards. (See attached map.)
5. The City's Finance Department will make the loans under this program. Loan decisions, underwriting standards, loan terms and collateral requirements will be entirely at the discretion of the City Finance Director and the City Attorney. The project must be feasible and have an acceptable prospect of repayment.
6. The City of Redmond will lien the property for the value of the loan. The City of Redmond may request a title report on the property, which will be subject to attorney review at the discretion of the City Manager. In addition to the lien, property owners must sign a promissory note for the repayment of the funds. Also, the City Attorney and Finance Director may recommend denial of any loan based on the Title Report or the number of liens upon the property.
7. All loans made under this program are subject to availability of program funds. Once the loan is repaid, the lien will be released from holding.
8. All projects shall comply with the City of Redmond Development and Building Code, including the historic preservation provisions if applicable.

### **Criteria for Loan Projects:**

All applications shall demonstrate compliance with the Downtown Architectural Design Standards, if applicable, and the urban renewal decision making criteria below:

- Be in the public interest
- Minimum target ratio return to be 5 to 1 on investment in improvements.
- Encourage greater marketability of the District.
- Support the long term economic use of older buildings within the Downtown Urban Renewal District.

### **Application, Loan Approval, and Funding:**

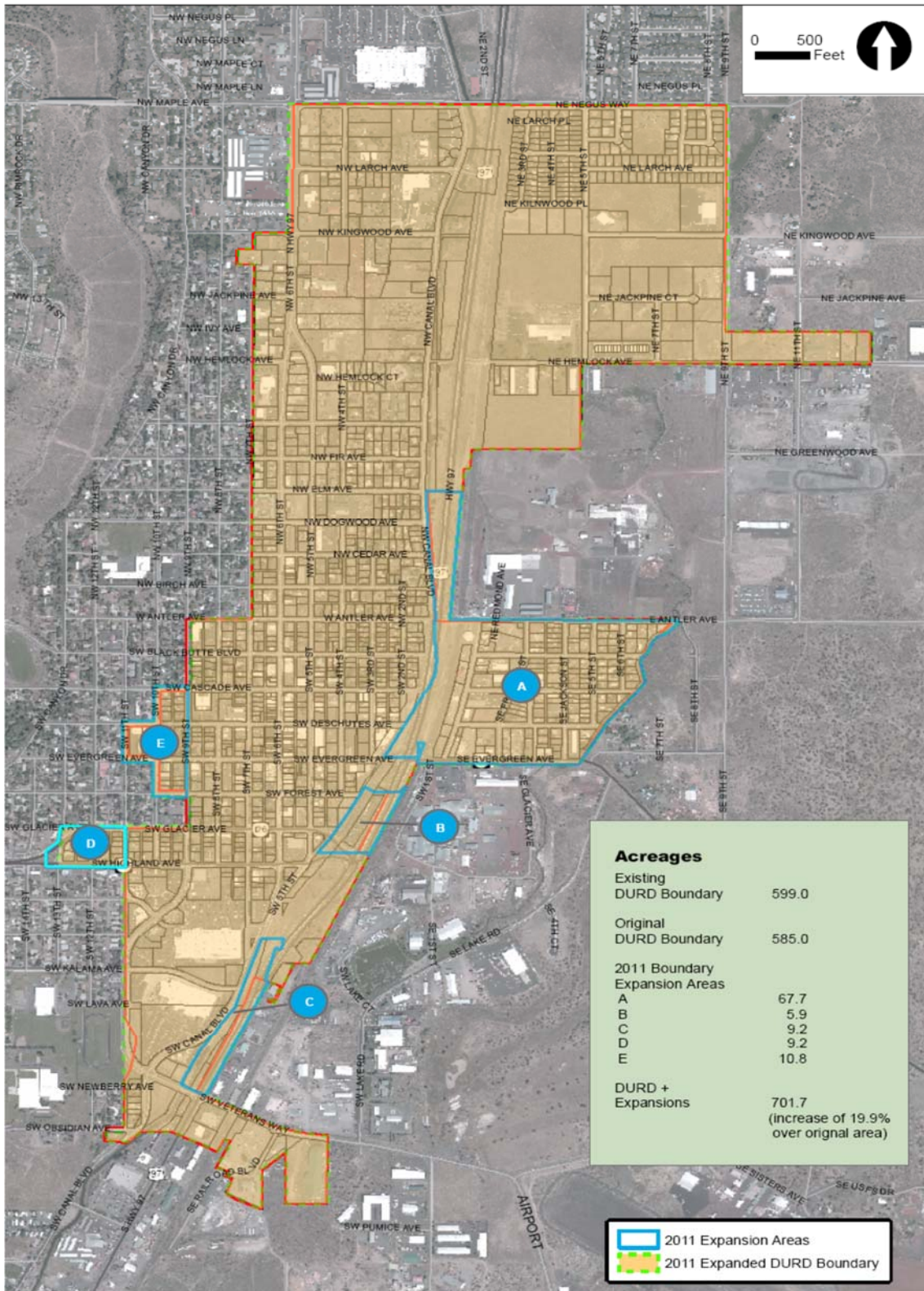
1. Applicants for the Property Rehabilitation Loan should fill out the Application Form and include all documentation listed as required for Underwriting Review.
2. If application is denied, the applicant may revise and resubmit for reconsideration.
3. Upon approval, applicant will be required to submit all final documentation required for Closing.
4. Upon satisfactory receipt of all Closing documents, the Agency will issue loan documents for signature by the applicant.
5. Loan will be funded in a single disbursement or on a draw basis at the determination of the Agency upon satisfactory demonstration that work satisfying the owner's match is in place and has been paid for.



# City of Redmond Urban Renewal Agency

## Property Rehabilitation Loan Program

### REDMOND DOWNTOWN URBAN RENEWAL DISTRICT





# City of Redmond Urban Renewal Agency Property Rehabilitation Loan Program

## Application Form

**1. Applicant**

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

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

Wk. Phone: \_\_\_\_\_ Hm. Phone: \_\_\_\_\_ Cell Phone: \_\_\_\_\_

Legal Form: Sole Proprietorship  Partnership  Corporation   
Profit  Non-Profit

Social Security Number/Tax ID Number: \_\_\_\_\_

**2. Building or Business to be rehabilitated**

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

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

Tax Map / Lot Number: \_\_\_\_\_

**3. Owner of Property (If not applicant)\***

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

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

Phone: \_\_\_\_\_

**\*Loans will only be made directly to the property owner.**





## City of Redmond Urban Renewal Agency Property Rehabilitation Loan Program

7. Please provide the documentation listed on the attached Checklist for Underwriting Review. The Redmond Urban Renewal Agency will review the proposed redevelopment improvements and advise the applicant of the status or make recommended changes.

### ***CERTIFICATION BY APPLICANT***

The applicant certifies that all information provided in this application or provided in support of the application is true and complete to the best of the applicant's knowledge and belief. If the applicant is not the owner of the property to be rehabilitated, or if the applicant is an organization rather than an individual, the applicant certifies that he/she has the authority to sign and enter into an agreement to perform the proposed work on the building. Evidence of this authority must be attached.

Applicant Signature: \_\_\_\_\_ Date: \_\_\_\_\_

### **Return Application To:**

Heather Richards, Community Development Director  
City of Redmond - Community Development Department  
716 SW Evergreen Avenue  
Redmond, OR 97756  
Phone: 541) 923-7756  
E-mail: [heather.richards@ci.redmond.or.us](mailto:heather.richards@ci.redmond.or.us)

Chuck Arnold  
Economic Development Project Coordinator  
City of Redmond  
716 SW Evergreen Avenue  
Redmond, OR 97756  
Phone: (541) 923-7761  
Fax (541) 548-0706  
E-mail: [chuck.arnold@ci.redmond.or.us](mailto:chuck.arnold@ci.redmond.or.us)



## City of Redmond Urban Renewal Agency Property Rehabilitation Loan Program

### Checklist Items Required for Underwriting Approval

#### Underwriting Review:

Prior to committing Urban Renewal Funds to a project, the Urban Renewal Agency will make a determination as to whether the project adequately supports urban renewal goals, is feasible, poses an acceptable risk to the agency and is in the best interest of the City and the Agency. In order to make this determination, the Agency will require the following items:

- **Loan Application**
- **Preliminary Title Report:** Documentation of ownership and existing liens.
- **Environmental Analysis:** Phase I ESA or Transaction Screen meeting current ASTM standards completed in past 180 days and reflecting current site conditions.
- **Construction Plans:** Copy of plans submitted for building department approval.
- **Three Construction Bids** for proposed work.
- **General Contractor Experience History:** The general contractor must demonstrate a track record of successfully completing similar projects and the capacity to complete the proposed project.
- **Project timeline specifying target start and completion date.**
- **Financing commitments:** Executed commitments from other lenders indicating the amount, interest rate (or interest rate index), term and special conditions are required.
- **Development Team Financial Capacity:** Equity source must provide certified financial statement, schedule of real estate owned, and verification of account balances to demonstrate capacity to fund required equity contribution as well as potential cost overruns.
- **Letter of approval from the Historical Landmarks Commission,** if applicable.

The City reserves the right to engage its own reports or analyses to verify or clarify information provided by Applicant or consultants engaged by the applicant.

### Checklist Items Required for Closing

Prior to closing the City will at minimum require the following items:

- **Final Construction Drawings approved by Building Department**
- **Building permit**
- **Executed loan documents including: Loan Agreement, Promissory Note, and Deed of Trust**
- **Executed Personal guaranty to repay loan from Applicant.**
- **For Projects exceeding \$50,000 or loans exceeding \$10,000: Executed Construction Contract and General Conditions:** An executed fixed price contract and general conditions in a form acceptable to the Urban Renewal Agency (preferably AIA Form 101-1997) with construction schedule.
- **Other documents as required by the specific nature of the project**





## City of Redmond Urban Renewal Agency Property Rehabilitation Loan Program

### Loan Funding/Disbursement

- The applicant shall submit invoices for work completed. The Urban Renewal Agency Staff will review the work for conformance with the application and, after satisfaction of the required owner's match, disperse the loan proceeds reflecting the Rehabilitation Loans proportionate share of total financing up to the approved loan amount.
- The first invoice shall be submitted to the City within 6 (six) months of the date of approval by the Downtown Urban Renewal Board (Board). If the first invoice is to be submitted after this date, the applicant shall request an extension from the Board.
- All invoices shall be submitted within 6 (six) months of the date of the first invoice submittal.